FINANCIAL TIMES

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NEWS SUMMARY

GENERAL

Hospital strike threat lifted

A planned strike by hospital electricians in up to 100 hospitals throughout Britain from Monday was postponed last night, after a new pay offer from the Government was accepted as a "basis for negotiation."

Union officials will decide on Monday whether to call off other proposed industrial action, including an overtime ban.

After urgent talks with Ministers, the electricians were offered a productivity plan designed to restore parity with electricians in the private contracting industry. Mr. David Ennals, Social Services Secretary, said that he was greatly relieved that the immediate threat to patients had been averted. Back Page

Prince's marriage

The Pope has refused permission for Prince Michael of Kent and Baroness Marie-Christine von Reibnitz to marry in a Roman Catholic church. The main reason is said to be Prince Michael's decision that children of the marriage should be brought up as Anglicans. The Baroness, who is a Roman Catholic, now will marry the Prince in a civil ceremony in Vienna this month.

Blacks mourn

Several thousand African school students attended a commemorative church service in Soweto yesterday to mourn the 600 blacks who died in riots two years ago. South African riot police set up road blocks and searched cars near the church. Page 2

Zaire withdrawal

The United States has begun pulling U.S. servicemen and equipment out of Zaire's troubled Shaba province after completing an airlift of troops and supplies for an African peace force. The only white troops left behind in Shaba are 300 Belgian paratroops in small mining outposts.

Belgian crisis

Mr. Leo Tindemans, Belgium's Prime Minister, who tendered his resignation to King Baudouin on Thursday, agreed to the king's request yesterday to try again to resolve the differences in his coalition government. In Italy, the main political parties have started informal talks to see if they can agree on a successor to Sig. Giovanni Leone, who resigned as President, to answer to answer corruption allegations. Page 2.

Tarling charges

Home Secretary, Mr. Merlyn Rees, has decided not to exercise his discretion to prevent extradition to Singapore of Mr. Richard Tarling, former business colleague of Mr. Jim Slater. Mr. Tarling faces five charges under Singapore Companies Acts, having won his appeal in Britain on more serious charges brought against him. Back Page

Ulster shooting

Terrorists shot dead a 19-year-old part-time police reservist as he was serving in a shop in Londonderry yesterday. Mr. Roy Mason, Ulster Secretary, announced that Judge Bennett would be chairman of the inquiry into police practices in Northern Ireland.

Drugs found

More than 10 kilograms of heroin worth £2.25m was found in suitcases carried by two men at Heathrow airport last night. The discovery touched off inquiries in several parts of Britain.

Briefly . . .

Cricket: England scored 309 for 8 (Botham 102 not out) against Pakistan on the second day of the Second Test at Lord's. Packer problems, Page 9.

Siamese twin-girls have been born in Portugal and doctors are considering an operation to separate them.

Visitors to the Netherlands are being advised by UK health authorities to consult their doctors on the need for poliomyelitis vaccination.

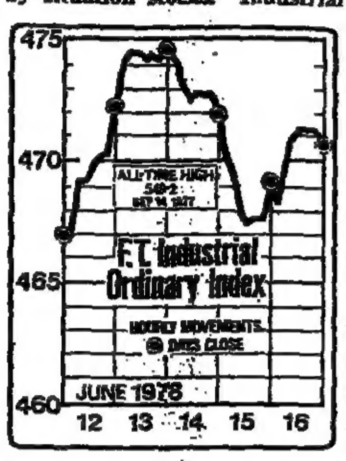
BBC commentary box in the House of Commons is to be fumigated. Broadcasters suspect that sniffer dogs checking for bombs have brought in fleas.

BUSINESS

Gilts react to new tap stocks

● GILTS were subdued in the wake of the Government's two issues totalling £1.8bn. The new £1bn ultra-long stock ended at a $\frac{3}{16}$ discount from the £15 paid up on issue (Back Page). The Government Securities Index closed 0.13 down at 70.44.

● EQUITIES were dominated by situation stocks. Industrial



leaders edged higher and the FT ordinary share index closed 1.4 higher at 470.6.

● STERLING closed 5 points up at $1.8310, with its index unchanged at 61.3.

● GOLD rose $2¼ to $184¼ in London and in New York the June Comex settlement price was $1.60 up at $185.70.

● WALL STREET closed down 7.28 at 836.97.

● FRANCE's Caisse Nationale de Telecommunications is to raise a $300m medium-term loan at ¾ per cent over interbank rate. Back Page

● SPANISH GOVERNMENT has approved a decree authorising the establishment of foreign banks in Spain, for the first time since the 1936-39 Civil War, but the terms are so restrictive that of the 60 banks expressing interest, no more than 15 are expected to accept the conditions. Back Page

● BARCLAYS BANK's plans for the £92.6m. takeover of the Investment Trust Corporation is to be investigated by a special committee of the Investment Protection Committee of the National Association of Pension Funds, after opposition to the deal from some institutions. Back Page

● EEC has ordered Britain to end its ban on EEC potato imports by July 8 or be taken before the European Court of Justice. Holland had complained that the ban had harmed its trade. At the same time the European parliament has said that the UK Milk Marketing Board is compatible with EEC law.

● OIL companies, trades unions and North Sea building contractors have agreed to oppose any further claims for end-of-contract bonus payments from oil platform construction workers. Page 2.

● BANK OF ENGLAND has agreed to a post-entry closed shop for its bank note examiners at its Loughton printing works, and a five-week long strike ends with a return to work next week. Page 4

● BSC Board could have six rank-and-file trade unionist Board members by the autumn if Industry Secretary's plans go ahead for an enlarged Board with a third of the seats going to the unions. Back Page.

COMPANIES

● PILKINGTON Brothers pretax profits for the year to March 31 increased, to £71.7m (£82.7m) after a marked increase in UK sales and profits in the first half. Page 16 and Lex

● ARTHUR GUINNESS taxable earnings for the 24 weeks to March 11 fell from £17.1m to £14.3m and profit from brewing fell by £2.6m to £10.3m. Page 16 and Lex

● RHONE-POULENC, France's leading chemical group, recorded a FFr 84m consolidated profit for 1977 on turnover of FFr 23.6bn, after 1976 losses of FFr 364m on sales of FFr 21.74bn. Page 19

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Avon Rubber	200	+ 6
BATs Defd.	255	+ 7
Bourne & Hingswth.	118	+ 16
Camellia Inv.	280	+ 23
Cory (H.)	23	+ 2½
Daily Mail A	303	+ 8
Debenhams	87	+ 3
Finlay (Jas.)	390	+ 15
Flight Refuelling	137½	+ 6½
Halstead (J.)	23½	+ 2½
IMF	65½	+ 4
MFI Furniture	93	+ 3
Metal Box	314	+ 8
Milbury	105	+ 5
Pilkington	520	+ 37
Triplex Foundries	39	+ 5
Wood & Sons	57	+ 9
Siebens (UK)	332	+ 22
FALLS		
Guinness (A.)	170	− 10
Randalls	69	− 5
Staveley Inds.	282	− 6
Woodhead (J.)	92	− 5
BH South	118	− 5
Metal Exploration	25	− 7½
North Broken Hill	124	− 7
Western Mining	147	− 6

British Petroleum yesterday disclosed two major acquisitions which will reinforce its European operations at a cost of £430m. Its West German subsidiary is to buy the German energy company Gelsenberg. Its chemicals subsidiary is to takeover substantial interests of Union Carbide. The moves involve a contract to supply West Germany with crude oil and will leave BP with a 25 per cent stake in Ruhrgas, the main German gas business.

£210m Veba deal with Deutsche BP

BY JONATHAN CARR: BONN JUNE 16

VEBA, the leading West German energy concern to-day announced a major accord with Deutsche BP which involves a big restructuring in both companies and will help safeguard West Germany's long-term oil supplies.

Under the accord, parts of the Veba Group, Germany's biggest enterprise in turnover terms, will be sold to Deutsche BP for about DM 800m (£210m).

They include most of Gelsenberg, which Veba took over three years ago, including refinery and gas interests.

Further, BP will be gaining valuable access to the German fuel trade and to petrol station operations through takeover of subsidiaries of Stinnes, the trading and transport arm of the Veba Group.

This should enable BP greatly to strengthen the base of its West German operation.

The entire deal is subject to approval by West German and European Community competition authorities. If clearance is given, it will take effect from the start of next year.

In a first reaction, and without prejudice to the competition considerations, the Bonn Finance Ministry gave an enthusiastic welcome to the agreement.

The West German Government holds 44 per cent of Veba stock and as such, is much the biggest single shareholder.

The welcome is particularly directed at that part of the accord under which BP agrees to supply 3m tonnes of crude oil annually to Veba at a competitive price up to the year 2000.

The Germans have to import the greater part of their energy needs and have long been seeking to intensify co-operation with Britain on oil.

Reduction

They already have a 44 per cent stake in the North Sea Thistle oil field via the exploration company Deminex in which Veba has a 44 per cent interest.

The accord with BP represents a further valuable step on the road to long-term oil supply security.

As well as the access to more crude, Veba is gaining through the deal by a reduction in its surplus refining capacity.

At present, Veba Group refineries are working at little more than 60 per cent capacity.

By its Gelsenberg sale to Deutsche BP, Veba is ridding itself of a 50 per cent share of a refinery in Bavaria and a 25 per cent stake in another, also in South Germany.

The upshot is that those Veba refineries which remain should be operating once the deal goes through at about 85 per cent capacity, with consequent major benefits for Veba profitability.

Beyond this, Deutsche BP will also be gaining a 25 per cent stake in Ruhrgas, West Germany's biggest natural gas distributor. Veba regrets the loss of this important holding.

But in the medium term, both sides expect the structural changes to bring greater profitability.

The BP-Veba discussions have lasted many months in what Veba officials call a particularly co-operative and fruitful manner.

It is understood that other discussions between Veba and the British Government are under way, involving possible Veba investment in Britain in the petro-chemicals sector.

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Veba forecast Page 19
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BP Chemicals in £220m Carbide bid

BY KEVIN DONE, CHEMICALS CORRESPONDENT

BP CHEMICALS is poised to make its biggest acquisition in Western Europe with the $400m (£220m) purchase of the main part of Union Carbide's European chemicals operations.

It has agreed in principle to acquire Union Carbide's main European subsidiaries BXL (Bakelite Xylonite) in the UK and Union Carbide Belgium based in Antwerp. Also included in the deal is the chemicals division of Union Carbide UK and laboratory facilities in Geneva, Switzerland.

The two companies expect to complete the deal by the end of the year, but it is still subject to both parties obtaining Government consents and final approval from the main boards of BP and Union Carbide.

BP Chemicals' name has been linked with several leading chemical companies in Europe and the U.S. in recent months.

It has suffered badly from the crisis in the petrochemicals industry in Western Europe over the last year and action to improve its falling profitability became inevitable.

With the purchase of the Union Carbide subsidiaries, BP Chemicals is acquiring businesses with annual sales of more than $300m (£163m). Last year it made profits of £18.9m from a worldwide turnover of £661m. Pre-tax profits in 1976 were £48.8m.

Warned

Mr. Len Burchell, managing director of BP Chemicals, said recently that the company would have to diversify its operations. Its particular vulnerability arises from its heavy concentration in base petrochemicals.

Mr. Burchell said that the company did not have a sufficiently wide spread of products to go on generating profits, when some parts of the business were in difficulty.

The Union Carbide acquisitions offer BP Chemicals assured access to a large captive market for its base petrochemical products and also access to some specialist plastics technology. The Union Carbide operations employ 4,000 people.

Union Carbide made the first approach to BP Chemicals in March. One of the largest chemical companies in the U.S., Union Carbide has run into difficulties in recent years with an investment strategy based on expectations of high growth.

Other businesses in the U.K. have already been sold, and with the latest sale it will have more than halved its U.K. interests. Another part of its BXL business was sold to BP last year.

In a £10m deal, Union Carbide sold its BXL thermosetting plastics division to BP Chemicals last September.

The latest set of deals will give BP Chemicals its first presence in the low density polyethylene sector, with plants both at Grangemouth, Scotland (100,000 tonnes a year) and at Antwerp (150,000 tonnes a year).

This sector of the plastics industry has been one of those hardest hit by falling prices and over capacity, but BP is confident of future growth based on the specialised product range developed by Union Carbide, especially for the wire and cable industries.

Important

Through the acquisition of Union Carbide Belgium, BP Chemicals will take its first major stake in the Continental markets for ethylene oxide and glycol, chemicals used in the manufacture of anti-freeze and solvents.

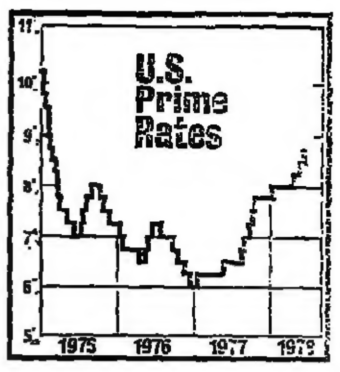
All the Union Carbide plants offer BP significant extra outlets for its established ethylene capacity. Ethylene is the most important base chemical made from petroleum with uses from plastics and fibres to paints and detergents.

BP Chemicals has been facing an uncertain future. With few captive outlets for ethylene, unlike most chemical companies, it could do little to solve its existing overcapacity problems. To make matters worse it is commissioning a new 500,000 tonnes a year cracker with ICI at the beginning of next year.

Much of this extra capacity could now find outlets in the newly acquired downstream plants. About 37 per cent of the ethylene produced in Western Europe goes to make low-density polyethylene and another 13 per cent goes to ethylene oxide, but until now BP had little or no presence in these sectors.

BP Chemicals' operations in the UK were built up from the 1950s in conjunction with Distillers. Early on they formed a joint company, British Hydrocarbon Chemicals, but in its early years BP did little more than provide the petroleum feedstock for the partnership.

Similar joint ventures were started on the Continent with Bayer and Rhone Poulenc.



Interest rise may hit Carter

By Stewart Fleming

NEW YORK, June 16.

BIG U.S. BANKS triggered a further rise in short-term interest rates today when they announced an increase to 8¾ per cent in their prime lending rate. The increase is expected to spread quickly across the country.

It is widely expected that the prime rate rise will be accompanied by further increases in other short-term interest rates, which in turn could threaten the Carter Administration's 4 to 4½ per cent real growth rate target for the year.

The increase follows a move to 8½ per cent on March 25 and takes the prime—the rate banks charge their best customers—to its highest level since February 1975.

Upward

The move was sparked by Citibank, second largest U.S. bank, but was quickly followed by two other large banks, Chase Manhattan and Morgan Guaranty Trust.

Citibank said it was moving its prime higher, even though the formula it uses for calculating the rate did not strictly dictate the increase, because the underlying trend of rates was upward.

Investors will watch to see if the Federal Reserve Board reinforces this trend. On Tuesday, the Federal Open Market Committee, which sets the Fed's monetary policy, holds its regular monthly meeting in Washington.

There are predictions that the Fed will decide to tighten credit further because recent rises in the money supply and monetary base imply that money growth is intensifying inflationary pressures on the economy.

The decision may be a difficult one for the Fed, since some evidence is emerging of a slowing in the U.S. economy.

Some economists predict that growth will tail off significantly in the second half of the year.

Upward pressure on interest rates could slow the economy further, particularly through

Continued on Back Page

Slowing in rate of inflation appears over

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE SLOWING in the underlying rate of retail price inflation appears to have ended for the time being. But the favourable influences of the last year are still resulting in a decline in the 12-month rate of increase.

The retail price index increased by 7.7 per cent to 195.7 (January, 1974=100) in the year to mid-May, according to figures published yesterday by the Department of Employment. This is the lowest 12-month rate since January, 1973.

Mr. Roy Hattersley, the Prices Secretary, said yesterday that the figures confirmed his statement last Sunday that the 12-month rate of inflation would remain at or about last month's level of 7.9 per cent for the rest of the year. "In some months there will be minor falls; in other months there will be minor increases."

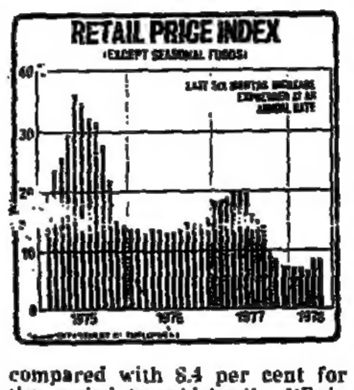
There is not yet enough evidence to confirm or to refute this view. It is likely that the index for mid-June will show a slight decline in the 12-month rate. But there may be a rise in the rate for the year to mid-July since comparison will be with a monthly increase of 0.1 per cent in the same period of 1977.

There is unlikely to be a significant rise in the 12-month rate in the figures to be published before an October election. Whether the rate by the end of the year remains in single figures or is just above 10 per cent, as some outside forecasters have suggested, will depend partly on seasonal food prices later this summer.

The 12-month rate in the UK is now almost in line with the average increase in prices in other industrialised countries.

In the UK, there are no clear signs of an acceleration in the underlying trend as measured by the rise in the index for all items except seasonal foods over the last six months and expressed at an annual rate.

This stands at 8.6 per cent.



compared with 8.4 per cent for the period to mid-April. While this is higher than the rise of 6.8 per cent for the period to mid-March, the trend is affected by the annual bunching of certain increases, notably for local authority rents and rates, in April.

The rise in the all-items index of 0.6 per cent in the month to mid-May is exactly the same as in the first three months of 1978.

The firmest conclusion is that the period of improvement in the rate has probably come to an end as the favourable effects of last year's rise in the pound wear off. The sharp fall in sterling in the spring will take some months to work through fully; the acceleration in labour costs is now likely to be the main influence on price rises.

No major price increases are expected this month, though London Transport bus and tube fares will go up on Monday and the July index will be pushed up by about 0.3 per cent by the increase in the building societies' mortgage rate.

Editorial Comment Page 14

Eagle Star buys Champneys

BY MARGARET REID

CHAMPNEYS, the Tring health farm, and other private medical interests of United Medical Enterprises have been bought for about £2.7m by Grovewood Securities, part of the Eagle Star Insurance group.

United Medical Enterprises is now controlled by the National Enterprise Board.

The businesses have been for sale since Allied Investments, which owned them as well as medical exports and supplies activities, was taken over earlier this year by United Medical, in which the Enterprise Board holds 70 per cent and three institutions 30 per cent.

It was made clear from the time of the £8m bid for Allied that the State-owned Enterprise Board felt that it would be inappropriate for its to retain control of private medical interests in the UK.

Grovewood, an industrial holding arm of Eagle Star, has a wide range of assets, including Brands Hatch motor racing circuit, the Cambridge Theatre in London and scientific instruments and builders' merchant businesses.

Mr. John Danny, who runs it, said last night: "We are concerned with people rather than products and we think the people running these interests are good, with a record of success."

Also included in the sale are the British Nursing Association, a nursing agency, Doctors' Relief Services, which provides locum services, and several nursing homes—Thamesbank Nursing Home, at Goring-on-Thames, Ticehurst Private Clinic, at Wadhurst, Sussex, and Unsted Park Nursing Home, at Godalming.

The managers of these different interests will continue and assurances have been given that patients' welfare will be fully safeguarded.

£ in New York

—	June 16	Previous
Spot	$1.8325-8335	$1.8315-8325
1 month	0.66-0.60 dis	0.70-0.62 dis
3 months	1.65-1.60 dis	1.77-1.67 dis
12 months	5.35-5.15 dis	5.60-5.40 dis

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FEATURES

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OVERSEAS NEWS

Egypt likely to receive $950m payments lifebelt

BY DAVID WHITE

PARIS, June 16.

EGYPT appears to have won a breathing space in its payments problems. A remaining $950m in loans needed to cover its expected deficit this year is likely to be assured within the next six weeks or so. Dr. Hamed el Sayeh, Economy Minister, indicated at the end of a three-day meeting of the Consultative Group for Egypt, held under the chairmanship of the World Bank.

Senior World Bank officials said they saw no need for a further rescheduling of Egypt's $12bn foreign debt for the next two or three years.

The large amount of medium-term debt still outstanding could bring a renewed deterioration in the Egyptian debt profile after that. But Mr. El Sayeh said he hoped that higher earnings from oil, the Suez Canal, and tourism would enable the Government to meet its obligations.

The creditors' meeting of 14 countries and various international agencies took place in a markedly different atmosphere from last year's, when Egypt was about $800m in arrears in repaying short-term banking facilities. A 50 per cent rise in aid disbursements last year, including a large amount of liquid funds, enabled much of the short-term debt to be converted into longer-term maturities.

International Monetary Fund approval of a three-year injection, amounting to an extra $720m, is now considered a mere formality, following a letter of intent from the Egyptian Government on its policy measures over the loan period. Dr. El Sayeh said Egypt hoped to bring down its inflation rate from 25 per cent to 10 per cent in the three years.

A first tranche of about $120m is expected this year. Approval of the extended IMF facility will clear the way for the General Organisation for the Development of Egypt—a fund backed by Saudi Arabia, Kuwait, Qatar, and the United Arab Emirates—to decide on its aid commitment. This is likely to give Egypt a further $600m to $700m this year. Japan, which also still has to declare its aid commitment, is expected to make up the remaining requirement.

Egypt's deficit on its current and capital accounts this year, including about $750m in repayment of long- and medium-term debts, is expected to be about $2.4bn. Commitments already made, including suppliers' credits, cover over $2.4bn.

The U.S. has made a fresh commitment of $950m in aid, starting in October, which means that some of it will come through this year. Among other creditors, the West Germans and French have both indicated increased aid, which suggests that Egypt should be in reasonably good stead to get through 1979.

The structure of Egypt's civil debt, which leaves aside a $4bn military debt, has improved with the amount of long- and medium-term loans outstanding, increasing to $8.1bn from $5.9bn, between the end of 1976 and the end of 1977. Short-term debt was cut back from $1.4bn to $550m and the arrears were wiped out.

Egypt's need for foreign aid will gradually decrease over the next four years, and will be less for cash than for commodity and project aid, the meeting concluded.

Dr. Abdel Razzak Abdel Meguid, the Egyptian Minister of Planning, said that by the end of its 1978-82 plan, which envisages spending of around $17.5bn, Egypt's payments gap will be roughly equivalent to its imports of capital goods: in other words, it would be borrowing for investment rather than for consumption.

Talks start to find Leone's successor

By Dominick J. Coyle

ROME, June 15.

ITALY'S MAIN political parties have started informal discussions to determine whether a substantial measure of all-party agreement is possible on a presidential candidate to succeed Sig. Giovanni Leone, who resigned last night following widespread, but unsubstantiated, allegations of corruption.

Sig. Leone left the Quirinale Palace shortly before midnight, following a televised statement in which he said he would defend himself as a private citizen against his accusers. The acting president is Sig. Amintore Fanfani, the President of the Senate, and now a likely candidate for the Quirinale, as he was seven years ago.

As acting President, he today received Sig. Giulio Andreotti, the Prime Minister, and Sig. Pietro Ingrao, the Communist president of the Chamber of Deputies, who had consultations with party leaders in the chamber.

Both Houses of Parliament, together with representatives of the regional governments, must meet together by June 30 to vote by a two-thirds majority on a successor to Sig. Leone. Early indications are that the main parties are anxious to avoid a damaging contested ballot

The parliamentary strength of the Communist Party (PCI) is such that it has an effective veto on any candidate promoted by the Christian Democrats (DC). On the other hand, the PCI will not wish to push its opposition to the point of risking a general election, given the party's setbacks in recent regional contests.

The central committees of both the DC and the PCI are likely to meet here next week to decide on party strategy. The succession at the Quirinale was considered at preliminary meetings today by the Socialists and the Social Democrats.

Thousands attend Soweto service

BY QUENTIN PEEL

JOHANNESBURG, June 16.

SEVERAL THOUSAND Soweto school students attended a mass commemoration service today for the children who died in the riots of 1976, while riot police stopped and searched cars in the area.

The police activity was part of a nation-wide security operation in which 600 people have been arrested in the past two days. But today's memorial services, held in black townships and colleges throughout South Africa, passed off without serious incident.

There was an appreciable reduction in the number of blacks coming to work in Johannesburg from Soweto, although few shops and offices reported serious absenteeism. The low level of traffic could have been caused by workers spending the night in town. Students organising the memorial servisec have not urged a stay-away but have asked employers to allow their employees time off to attend the services.

Most shops in the township complex were closed for the day, and virtually all closed between noon and 2 pm as a sign of respect for the commemoration of the riots, in which more than 600 died. Indian shops in the city were also closed for two hours in sympathy.

Between 3,000 and 5,000 students attended the biggest memorial service at the Regina Mundi Church in Soweto, singing hymns, liberation songs, and listening to speeches and poetry about the riots.

Atmosphere in the church was extremely tense, as police set up roadblocks on the surrounding roads, and parked a "Hippo" armoured personnel carrier on the other side of the road.

But the excitement of the crowd only exploded twice—when they enthusiastically mobbed Dr. Nthato Motlana, chairman of the Soweto Committee of 10 and former chairman of the banned Black Parents' Association, and when they suspected an American television reporter of being a policeman. The reporter only just managed to prevent his tape recorder being seized.

The students refused to allow any white South African journalists into the church, restricting entry to overseas correspondents. They also banned the correspondent of The Nation, the newspaper of Chief Gatsha Buthelezi's Inkatha movement.

Both Dr. Motlana and Bishop Desmond Tutu, secretary-general of the South African Council of Churches, spoke at the service, as well as student leaders.

Dr. Motlana said the detention of black leaders and the banning of the black newspaper, The Voice, in recent days meant "we are entering a period of darkness. All the lights are dimming. All the lights are going out.

"It is quite obvious that the lesson of 1976 has not been learned," he said. "It is quite obvious that the Government of this day has no desire to change."

Bishop Tutu, however, said he had "absolutely no doubt that we are going to be free simply and solely because the white people who rule this land know that the system is an an immoral system. It is an evil system. It is an oppressive system. Until we blacks are free, nobody in this country will be free."

After the service, police fired a warning shot when children attempted to stop passing cars to get lifts. No other incident was reported.

Begin moves to defuse crisis

BY DAVID LENNON

TEL AVIV, June 16.

MR. MENAHEM BEGIN, the Prime Minister, today held discussions with his Foreign and Defence Ministers in an effort to defuse the Israeli cabinet crisis over the future of the West Bank and the Gaza Strip.

The possibility of a cabinet split lead leaders of the Opposition Labour Party to meet last night to examine the chances of forming a coalition Government in the event of Mr. Begin's government falling.

Mr. Shimon Peres, the chairman of the Labour Party, has been reported as telling party leaders that dramatics political developments are possible over the next few days. He did not rule out a realignment among the political parties because of the crisis.

The cabinet is divided over the reply it should make to American questions about the permanent status of the West Bank and Gaza Strip. The U.S. views Israel's offer of limited self-rule for the Palestinians of the occupied territories as an interim arrangement and wants to know what will be the final status of the areas occupied since 1967.

Mr. Begin has refused to go beyond his original offer to review the situation after five years, but a majority of the ministers appear willing to consider a permanent arrangement for the West Bank and Gaza after five years of self-rule.

Confined to his home because of poor health, the Prime Minister has tried to work out a compromise formula. This morning he consulted with Mr. Ezer Weizman, the Defence Minister, whose proposal to express willingness to decide the permanent status of the West Bank in five years has won substantial support in the Cabinet.

He also held talks with Mr. Moshe Dayan, the Foreign Minister, whose own proposal to decide some of the final arrangements now, has not attracted many devotees.

It is expected that the last-minute efforts to find a compromise will continue right up to the Sunday-morning cabinet meeting, when the issue will come up again for discussion.

PLO claims Iraq plotted Yasin killing

KUWAIT, June 16.

THE MODERATE Palestinian leader Mr. Ali Yasin, was buried in Kuwait today, as his organisation, Fatah, renewed charges that Iraq was behind the killing.

Mr. Yasin, 43, was a founding member of Fatah, the largest Palestinian Liberation Organisation (PLO) commando group, and its representative in Kuwait. He was shot dead in front of his home yesterday morning by unidentified gunmen.

Almost immediately Fatah blamed Iraq's intelligence services for the murder—the second of a prominent PLO figure in six months. Iraq denied the accusation.

Last December the PLO's London representative, Said Hammami, was shot dead in his office. According to some Arab Press reports, the killer — never caught — acted on behalf of an Iraqi-based Palestinian organisation led by Abu Nidal, a former member of Fatah.

The Kuwait Government has condemned the murder of Mr. Yasin and has vowed to spare no effort to track down his killers, but police today were silent on any possible findings.

Reuter

Shipyards in Sweden to lose 9,000 jobs

By William Dullforce

STOCKHOLM, June 16.

SWEDEN WILL have only two major shipyards operating at reduced capacity by the end of 1981 under the latest Government plan. Of the 20,850 still working in the yards last December, close to 9,000 will lose their jobs. Hardest hit will be Gothenburg, Sweden's second city.

The plan, which will be submitted to Parliament in the autumn, is "the largest planned re-organisation ever undertaken in any branch of Swedish industry," according to Mr. Nils Aasling, the Minister of Industry. Spokesmen for the Social Democrat opposition and the Gothenburg shipyard workers described it as a death blow for Swedish shipbuilding, which was once second only to the Japanese in annual tonnage built.

The privately owned Kockums yard in Malmoe and the state-owned Uddevalla yard will continue to build ships but Kockums will reduce staff by 1,100 to 4,100 and Uddevalla by 1,800 to 2,300. The Arendal yard in Gothenburg and the Oeresund yard in Landskrona will be converted into heavy engineering concerns and will cut the number employed by 4,100. The Eriksberg yard in Gothenburg, which still employed 2,700 in December, is being shut down under an earlier decision.

Mr. Aasling said Svenska Varv, the state company operating all the big yards except for Kockums, would need state financing of Kr 6-7bn (£700m-£820m) over the next three years, while the reduction in capacity was being effected. Kockums agreed to co-operate in the Government plan when it was recently granted a Kr 340m state loan.

Move to ease W. Coast oil glut

BY JUREK MARTIN

WASHINGTON, June 16.

THE U.S. is to permit the export of oil from Californian refineries as part of a series of complex measures designed to ease the current glut of oil on the West Coast.

At the same time, higher subsidies are to be paid to East Coast refiners who import foreign residual fuel oil. This in intended to reduce slightly the price of fuel in this region and will result in a small increase elsewhere in the country.

The West Coast action is the most significant and certain to cause controversy. Opponents of the export of U.S. crude have maintained it makes no sense to export domestic oil products when the country is importing so much foreign oil—$45bn last year—and when the Administration is trying to convince the nation there is an impending oil shortage.

The West Coast glut, however, has created complications both for the Administration and for the oil industry. Its principal cause has been the arrival of Alaskan oil from the North Slope, which is mostly being consumed on the West Coast and is particularly favoured by refiners there because it has a lower sulphur content than Californian crude.

As a result, Californian crude production has been dropping. The oil industry has been pressing to be granted export licences. Although the Administration hopes that most of the heavier Californian crude will be exported—mostly to Japan—the amended regulations do make possible the export of Alaskan crude refined in California.

Dr. James Schlesinger, the Energy Secretary, conceded that granting export licences did work against the long range goal of the President's energy policy. But he maintained that California had to be treated as a special case. He also agreed that export opportunities might dissuade the industry from investing in much needed transportation facilities that could improve the marketing of West Coast fuel in other parts of the country.

Last winter Congress specifically prohibited the export of Alaskan crude and although Dr. Schlesinger claimed that limiting the export licences to refined products did not contravene this embargo it is likely that Congressional attempts will be made to nullify this latest action.

Bulgaria denies territorial ambitions

By Paul Lendvai

VIENNA, June 16.

THE BULGARIAN Party leader and Head of State, Mr. Todor Zhivkov, last night publicly denied his country had any territorial claim on Yugoslavia. He offered to go immediately to Belgrade to sign a joint declaration with Marshal Tito in which Bulgaria and Yugoslavia would mutually renounce any territorial claims and confirm the principle of the inviolability of the frontiers.

Speaking at a meeting in Blagoevrad, near the Yugoslav-Bulgarian border, Mr. Zhivkov said relations between these two countries could become a model of good neighbourliness and spoke in favour of a "comradely dialogue" over outstanding questions.

However, the Bulgarian leader deliberately avoided mentioning the main bone of contention, the Macedonian issue, by name and firmly rejected any attempt at "interfering" in Bulgaria's internal affairs.

But the Yugoslavs are bound to doubt the sincerity of any Bulgarian gesture as long as Bulgaria continues to deny the existence of a Macedonian nation and thus the existence of the Macedonian Republic, one of the six constituent republics of Yugoslavia.

Furthermore, the Yugoslavs also demand the rights of the Macedonian minority in Bulgaria, which numbered almost 200,000 in the 1956 census, should be recognised. Since then, official Bulgarian statistics have not referred to Macedonians in Bulgaria.

Mr. Zhivkov's speech implies the question of the Macedonian minority would be regarded as interference in Bulgaria's internal affairs.

Talks go on at New York paper

BY JOHN WYLES

PROSPECTS FOR a settlement of a strike by 1,840 journalists and commercial staff at the New York Daily News appeared brighter today after a night in which the newspaper failed to publish for the first time since the stoppage began on Tuesday.

Negotiations between the management and the Newspaper Guild continued this morning and according to a news-agency story were close to agreement. The talks are being closely monitored by the two other daily newspapers here, the New York Times and the New York Post which are both expected to suspend publication if the News remains shut down over the weekend.

The Times yesterday increased the pressure on the guild by telling its journalists, whose contract officially expired on March 30, that it was terminating arbitration in future disputes and changing a number of working conditions. At the same time the Post also announced changes in journalists' working conditions, including lengthening probation periods and shortening the period during which employees who are laid off can expect to be offered fresh employment.

Initiatives at both papers are seen as acts of support for the News, which is seeking agreement with the guild on similar issues. Once an agreement is reached at the News it is expected to provide the broad pattern to be followed by the other two newspapers.

Publication of the News was suspended last night largely because delivery drivers changed their minds and decided against crossing picket lines. Their co-operation with the company had led to angry scenes during the previous two nights. Last night the News management charged that "roving bands" had beaten up four management workers who had been helping to produce the newspaper.

Teamsters refused cover

BY STEWART FLEMING

NEW YORK, June 16.

LLOYD'S OF LONDON has refused to renew the fiduciary liability insurance of trustees of the pension funds of the Western Conference of the Teamsters' Union on the grounds that it is an uninsurable risk.

The insurance protects trustees of the pension fund from liability for defence costs in the event of litigation against the funds. Increasingly, however, partly because of the sharp increase in lawsuits against the union funds, they have been finding it more difficult to get insurance.

The greatest difficulty has been encountered by the Teamster's central states pension fund and the related health and welfare fund. The funds have been under investigation because of alleged links with the financing of organised crime.

In March, the Aetna Life and Casualty Company cancelled its fiduciary liability policy with the central states fund which has since been unable to find insurance elsewhere.

BP chairman in Tehran for talks with Shah

By Andrew Whitley

TEHRAN, June 16.

TALKS IN Tehran this week-end between Sir David Steel, chairman of British Petroleum, the Shah and senior Iranian officials could have a vital bearing on the protracted negotiations between the National Iranian Oil Company and a 14-member Western consortium, led by BP, for a new long term agreement.

Sir David is accompanied by Mr. John Sutcliffe, BPs managing director, who has led the consortium side in the Tehran negotiations. They arrive in the Iranian capital tonight. Apart from the Shah, they are expected to see Mr. Abo Hoveyda the Court Minister an influential personality—Mr. Joushid Amouzegar, the Prime Minister, and top officials of NIOC.

The last round of negotiation with NIOC ended six weeks ago, with no indications of progress. After the previous session in March, "significant progress in several areas" was reported, but progress appears to have been slow since then.

Although no firm date has been set for a resumption, sources here say the next round should begin towards the end of this month, or in early July. Almost certainly, that would be the last session before the long summer break.

BP has a dominant 40 per cent stake in the consortium, entitling it to the same proportion of the group's offtake.

Japan electronics plant to be opened in Dublin

BY CHARLES SMITH

TOKYO, June 16.

A SMALL Japanese manufacturer of audio equipment, Toho Denki, is to establish a Y1.2bn factory in Dublin which will be used as a base for exports to the EEC, it was revealed today.

The factory will operate as a joint venture between Toho and the Irish Industrial Development Authority, which is expected to take 25 per cent of the equity.

It will employ 600 and aims to achieve annual sales of about Y4bn after a build-up period of two or three years.

Toho is one of a handful of small to medium-sized Japanese electronics manufacturers which are almost wholly dependent on exports. The company's products are marketed under the brand name Unisef but are also sold in Europe under the labels of well-known European manufacturers.

The products of the Irish factory will carry EEC certificates of origin and will therefore be entitled to tariff-free entry into other European markets.

Toho appears to have had talks with development authorities in the UK and several other European countries before settling on Ireland. The choice of Ireland may in part have been dictated by the availability of a 12-year tax holiday.

The decision to start local manufacture in the EEC reflects the anxiety of many Japanese electronics manufacturers about the growth of barriers to direct exports from Japan.

Japanese exports of audio equipment to Britain came under a form of voluntary restraint last summer after many years of similar restraints on Japanese TV exports.

The audio restraints are likely to be confirmed and extended at a meeting due to take place in London next week between the UK and Japanese electronic industry associations.

Ethiopian heads discuss Eritrea

NAIROBI, June 16.

ETHIOPIA'S LEADERS today began a 10-day seminar which will discuss ways of ending the 17-year rebellion in Eritrea.

Addis Ababa radio, monitored here, said ambassadors had flown in from their posts abroad and the country's military rulers, ministers, trade unionists and others had assembled in the capital to take part.

Diplomatic observers said the gathering appeared to reflect pressure on the Ethiopians from their Cuban and Soviet allies who formerly trained and supported the rebels and are now reluctant to become embroiled in a big military campaign against them.

Reuter

Schmidt warns on spending rise

BY ADRIAN DICKS

BONN, June 16.

CHANCELLOR HELMUT SCHMIDT has delivered a warning to West Germany's partners that if they insist on a large, deficit-financed increase in Bonn's public spending, the consequence could be a rise in West German interest rates that would hamper real growth, disturb capital flows and risk upsetting foreign exchange markets.

However, the German Chancellor emphasised that he would approach the Bonn economic summit meeting ready to "strive for international compromise and package deals, and would be willing to take some steps, even if I'm not convinced that they would be helpful."

In an interview with Business Week, Herr Schmidt referred once again to Bonn's high rate of public borrowing, now equal to 4.5 per cent of gross national product, as a hindrance to the tax cuts being suggested by many in West Germany including the Chancellor's Free Democrat coalition partners.

"The room for financial deficits has to be measured in terms of the rate of interest you achieve in the capital markets. I have reason to be very cautious, if I read the signals in the capital market carefully."

Juan Carlos in Peking

BY JOHN HOFFMANN

PEKING, June 16.

THE KING of Spain arrived in China today to a flamboyant welcome that illustrated the importance given to his visit by the Chinese Government. King Juan Carlos, Queen Sofia and their retinue were met at Peking airport by Premier Hua Kuo-feng, Vice Premier Teng Hsiao-ping and other Chinese leaders.

Almost the entire ambassadorial corps turned out, and Premier Hua and King Juan Carlos rode together when they left for the official guest house—uncommon in terms of Peking protocol, as a lesser deputy usually accompanies important visitors.

Later the King had his first round of talks with Teng Hsiao-ping. No details were released, but the talks are believed to have embraced trade and foreign policy. Senior economics and foreign affairs officials of both governments took part.

Ireland to cut public spending

By Our Own Correspondent

DUBLIN, June 16.

THE GOVERNMENT of the Irish Republic is to cut back on public expenditure over the next three years mainly in the area of social welfare payments.

A Green Paper on the economy, published tomorrow, proposes that public spending on unemployment benefit and other assistance should be reduced from 20.7 per cent of GNP this year to 18.9 per cent next year and 17.9 per cent in 1980.

Initially, the Government is planning a campaign to reduce the degree of fraud by social welfare claimants. It is also considering the abolition of food subsidies which are estimated to cost the Government about £60m this year. The ending of the subsidies would put an extra 26p per £ on buter alone and have the overall effect of pushing the Consumer Price Index up by 2 per cent in a full year.

THE ROAD TO PAKISTAN

China's third world aid

BY SIMON HENDERSON, RECENTLY IN GILGIT, PAKISTAN

THE OPENING of the Karakoram Highway between China and Pakistan tomorrow is most of all yet another example of Chinese aid to the developing world of the most tangible kind. Like the Tanzam railway in central Africa, the road has been constructed with a huge imported Chinese labour force and, beyond its immediate strategic implications, it will be a continual reminder of what China can do for its friends.

In trade or defence co-operation terms, the road as presently constructed means little. But it will open up the entire northern areas of Pakistan. It starts about 50 miles from Pakistan's capital, Islamabad, and stretches some 450 miles to the Chinese border at the Khunjrab Pass, running through some of the most inhospitable terrain in the world.

The territory is the meeting point of four great mountain ranges: the Pamirs coming south from Russia, the Himalayas in the south-east, the Karakorams in the east and the Hindu Kush in the south-west. At the Chinese border the pass rises to nearly 15,000 feet — until that point numerous glaciers and rivers have to be crossed. In nearly 20 years of construction, workers on the road have had to cope with extremes of temperature, rebellious tribesmen, tremors and rockfalls.

About 1m people live in the area, often in conditions of abject poverty. The main town of Gilgit, little more than a trading centre before work started on the road, is now a thriving administrative centre with plans to become a tourist base offering skiing and trekking.

It was for development and greater political control that Pakistan first started work on the Karakoram Highway in 1959. Army engineers and labour battalions were used initially but when work resumed after the 1965 war with India it was decided to extend the road to the Chinese border and make it suitable for a two-way heavy traffic rather than a single track road.

The Chinese came in at this point to construct a similar highway on their side of the border to link up with the railhead of Arumchi, the capital of Sinkiang province. During the 1971 war with India work was again abandoned on the Pakistan side. The Chinese offered a skilled labour force to help alongside Pakistani engineers when work resumed.

For years the size of this labour force was a closely guarded secret. Now it has been revealed to have been 9,500 Chinese and 15,000 Pakistanis. Casualty figures from explosive accidents and rockfalls are not given so openly, but sources in Gilgit say 500 Chinese died and nearly 2,000 Pakistanis. Given the difficulties of the terrain and its inherent dangers, the figures do not seem unlikely.

The Chinese delegation at tomorrow's opening ceremonies is being led by Vice-Premier Keng I Piao. Diplomatic sources in Islamabad say that the delegation was originally to be led by a lesser official and that the Chinese upgraded the mission as a show of solidarity with Pakistan against the new Russian-backed regime in Afghanistan.

At first sight the hazards of the road diminish its strategic importance. Snow ploughs might be able to keep it open through the winter but it will still be plagued by rockfalls which even now close it for days at a time. The possibility of Chinese tanks and weaponry pouring down into Pakistan for use either against India or to counter Soviet moves in Africa is remote. The road could not stand the weight of traffic and it would only take one fighter bomber to block it at several points.

Indian diplomats, themselves seeking rapproachment with Peking, are apparently unworried by the road, and other diplomats say Russia need be worried about it only in the long term —equipment for the mostly Chinese - equipped Pakistan armed forces will continue to come by sea, or in the case of urgent equipment, by air, they say. As it is, the Chinese side of the road into Sinkiang province does not apparently connect with the railhead yet, and even when it does, Sinkiang is still a long way from the industrial cities.

On the Pakistan side, where the road ends in the Indus valley near Abbottabad, there is no good connection with airport, railhead or road. Islamabad airport has little cargo facility, the east-west Grand Trunk Road is already desperately overloaded, and the only link with the south is via the railway from either Peshawar or Rawalpindi. The logical link is the Indus Highway project, but work has only just begun and it will be another 20 years before it is complete.

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Pardoe rules out deal with Tory 'carrion crows'

BY RUPERT CORNWELL, LOBBY STAFF

THE OPEN war between Conservatives and Liberals intensified last night as Mr. John Pardoe, the Liberal deputy leader described the Tories as "the carrion crows of British politics."

The bitterness of the insults made by one party against another after this week's confidence vote in the Commons, where the Government survived only thanks to Liberal abstentions, is a measure of the importance of the battle at the next election for the 5m Liberal votes of October 1974, won largely at Tory expense.

But it also means that the even-handed strategy sought by Mr. David Steel—that the Liberals would be ready to do a deal with either major party if they hold the balance of power in the next Parliament—is a non-existent prospect.

Senior Liberals and Tories believe there is practically no realistic chance of any Lib-Con pact to support Mrs. Thatcher in office.

Mr. Pardoe accused the Conservatives of heaping abuse on the Liberals out of desperation at seeing their chance of electoral victory receding and warned his colleagues to expect much more of the same as polling day approaches.

Sir Geoffrey Howe, the shadow Chancellor, had referred to Liberal support for the minority Labour Government as "rats returning to a sinking ship" Mr. Pardoe said in scorn.

"Yet only four years ago he and Mrs. Thatcher crawled out of the wreck of a general election to beg for Liberal help to float a minority Government. Who were the rats then and what have they done with the skipper? Eaten him?"

The Conservatives, he said, were "carrion crows" who could only feast on the fear of socialism. Now that the Liberals had successfully blunted Labour's extremist leanings, the Tory Party went hungry.

Hindered

His diatribe was answered in kind by senior Conservatives close to Mrs. Margaret Thatcher, who believe that the censure motion yielded a useful tactical victory by hindering Liberal efforts to disentangle themselves from the pact with Labour.

Both Mr. Teddy Taylor, shadow Scottish spokesman, and Mr. Airey Neave, the shadow Ulster Secretary, blamed the Liberals for allowing Labour to choose its electoral moment and possibly return to power with an extreme Marxist programme. It is an argument that is bound to feature prominently in the Conservative election campaign.

Mr. Taylor said: "There is little doubt that the Liberals will be wiped out at the General Election. In Scotland there are three Liberal constituencies and we will be disappointed if we do not win two of them." The Liberals were mere tools in the hands of an unscrupulous socialist administration, he claimed.

Reform Secrets Act, urges Heffer

BY OUR LOBBY STAFF

MR. ERIC HEFFER, former Industry Minister and an influential Labour Left-winger, last night urged the Government to make reform of the "Catch all" Section Two of the Official Secrets Act merely the first step towards introduction of a full-scale "Freedom of Information Act."

Mr. Heffer said that this pledge should be contained in the manifesto for the forthcoming election—"although every sign is that the Cabinet will resist any such motion."

Labour's last manifesto in October, 1974, committed the Party to legislate to replace the much-criticised Section Two.

But almost four years afterwards, the best that can be expected is a White Paper by the end of this session unlikely to contain any sweeping suggestions.

Pressure for a Freedom of Information Act is in fact one of the main difficulties faced by Ministers framing the Government's proposals. Many MPs have warned that too timid an pproach on Section Two will do more harm than good.

Speaking in Cheshire, Mr. Heffer continued: "The quicker in Britain we have a freedom of Information Act the better, and it will not put any real financial burden on the Government."

Judge to head inquiry into Ulster police

BY OUR LOBBY STAFF

JUDGE BENNETT, QC, is to be the chairman of the inquiry the Government is setting up to consider police practices in Northern Ireland after Amnesty International's report on procedures in the Province.

The two other members of the inquiry, announced last night by Mr. Roy Mason, the Ulster Secretary, will be Sir James Haughton, former Chief Inspector of Constabulary, and Professor John Marshall, in charge of Clinic Neurology at London University.

The terms of reference will be to examine police behaviour relating to the interrogation of suspects, to examine the operation of present procedures dealing with complaints about police conduct, and to make recommendations.

Assembly 'will underpin unity'

ESTABLISHMENT of a Scottish Assembly would underpin the unity of the United Kingdom, Mr. John Smith, Devolution Minister, said yesterday.

He told the Edinburgh branch of the Institute of Directors that devolution was "essentially the moderate option for Scotland.

"So much of the discussion about Scotland's future is bedevilled by a futile clash between two sets of extremists—separatists who want to break up Britain, and die-hard and blinkered Unionists who resist any move at all to decentralise decision-taking to Scotland.

"I believe the Assembly will act to underpin the essential unity of the kingdom. I think the Government's plans offer Scotland a much more constructive future than the sterile proposals of either the separatists or the centralists."

Vickers compensation insulting—Robens

BY TIM DICKSON

ACCUSATIONS of "financial rape" over the compensation terms for Vickers' nationalised assets were levelled at the Government by Lord Robens, chairman of the engineering group, yesterday.

In a bitter attack on the payments so far made for Vickers' former aircraft and shipbuilding interests, Lord Robens, a former Labour Cabinet Minister, complained about the "shabby, petty, paltry and indifferent" treatment the company had received. He told the annual meeting in London yesterday that the payments on account were derisory, ludicrous and contemptible."

So far, Vickers has received a total of £7m from the Government for its 50 per cent stake in British Aircraft Corporation and its formerly wholly-owned shipbuilding subsidiary.

They were nationalised on April 29 and July 1 last year respectively and carry a book value of £67.6m in the accounts.

Ironically, the first talks on further compensation for the aircraft side also took place yesterday between Government officials and shareholders' representatives.

Discussions about Vickers' shipbuilding interests will be held at the end of this month.

Lord Robens told shareholders at yesterday's meeting that the total amount paid to Vickers for its share of BAC was £3.1m, "just a tiny percentage of the profits made by the assets taken over." In 1977, BAC, jointly owned by Vickers and GEC, had made pre-tax profits of £53.6m, while Vickers' shipbuilding profits in the six months before vesting day, amounted to £3.8m.

"Against these figures, the payments were not only derisory, but they were insulting."

Vickers had been forced to cut its investment programme from £30m to £20m "because we were in danger of getting into an over-borrowed position with the banks."

Ashley Ashwood

LORD ROBENS addresses Vickers' annual meeting in London yesterday.

The group had expected substantial compensation payments, on the strength of which it had borrowed extensively to ensure the maintenance and replacement of existing plant and acquire new businesses.

It had also invested substantially in new technology, especially in under-sea engineering, where its know-how would serve the Government well in future underwater explorations for oil reserves.

"During the last four years in all these activities, we have invested £74m."

Neither nationalisation in itself, nor the date of the final settlement, which was bound to take time, were the problems.

Far wider issues were at stake. The group would fight to ensure fair and reasonable compensation to the very limit of the law. "We shall do so because we are not just fighting a battle for Vickers shareholders," Lord Robens said.

"Fair and reasonable," as interpreted by a Labour Government, he maintained, was a warning to every shareholder of modest means.

"They should understand that the basket of nationalisation which is promised us if another Labour Government is elected will virtually mean confiscation of what they have."

Commenting on the company's performance in the current year, Lord Robens said results in the first few months had been "mixed".

Losses incurred by the offshore engineering group had persisted, while a strike in Canada and lack of activity in Australia had also been factors in the slow start.

So far this year, 24 companies have received compensation payments from the Government totalling £26.75m.

Last night, the Industry Department said talks would soon be resumed with the parties involved and would last "until agreement is reached." Failing this, companies could go to arbitration.

'More oil in China Sea than in Gulf' claim

ISLANDS IN a little-known part of the South China Sea have a bigger oil potential than the Persian Gulf, a defendant in an Old Bailey fraud trial claimed yesterday.

Mr. John Sidney Barnes, 48, economist, of St. George's Drive, Pimlico, denied being involved with a suspended Bank of England official, Mr. John Martin Wales, in a plot to obtain more than £1m in dollar premium rebates on non-existent securities.

Mr. Barnes' counsel, Mr. Martin Tucker, QC, said Mr. Barnes' use of diplomatic passports, which he had created himself as "King" of the islands, might seem Ruritanian, but some countries hed apparently recognised them. Mr. Barnes told the court that the islands, known as Colonia, lay between Manila and Saigon, and their nearest "border" was 200 miles from the coast of Labuan.

They had been "taken over" in 1956, when they were uninhabited, by a former war hero of the Philippines named Thomas Cloma, an international lawyer, and covered 64,000 square miles as an archipelago.

Mr. Barnes went on: "In 1973 Mr. Cloma asked me to join their Supreme Council, as he feared they might be annexed by President Marcos of the Philippines, and the next year I became Head of State.

"The only reason I came to Britain on business was to exploit their oil possibilities.

"Colonia has adopted British law for all its legislation, and I studied the terms of Britain's North Sea oil leases, as we were going to offer five-square mile tracts of ocean or islands under the rule of Colonia to various companies throughout the world.

"We were negotiating with various American companies for survey work, as seismological studies suggest there is more oil under Colonia than in the whole of the Persian Gulf."

Mr. Barnes, who holds a degree of Doctor of Philosophy from a Florida university said he had frequently travelled in the Far East.

The hearing was adjourned until Monday, when Mr. Barnes continues his evidence in the case.

● FRAUD AND BOGUS BANKS

Drafts that leave one cold

BY MARGARET REID

INTERESTING NEW light on the technique by which certain tiny overseas-registered banks setting up in Britain have succeeded in defrauding the public was thrown by a case which ended this week at Knightsbridge Crown Court and revolved around the Anguilla-based Industrial Banking Corporation.

Two men were jailed for various offences, including obtaining diamonds by falsely representing that the company was a genuine and honest business which could make payments through irrevocable documentary credits and in other ways.

The case is worth attention because experience has shown how gullible the public can be when confronted with a company with a high-sounding bank-type name and an impressive-seeming fraudsman operating from it.

Moreover, when a concern mounts dishonest deals with international ramifications, as has often been the case in the last two or three years, a new dimension of complication is added and detection becomes more difficult.

Also, until a recent clamp-down, overseas-registered companies with financially-sounding names were able without too much difficulty to operate for a time in Britain, without being fully subject to the controls applying to home-based concerns.

Mentality

"Fraudsmen don't get off the ground unless they are of high mentality," one senior police officer remarked recently. "And those who do the frauds in other countries have a lot going for them."

After the convictions at the Knightsbridge court last week of Mr. William John Morley and Mr. Felicio Alberto Morella, details were recalled of an earlier case, as a result of which Mr. Morley had been sentenced in February to five years in prison.

That case had concerned offences commonly known as advance commission frauds. These involve the collection of commission, often of thousands of pounds, on the promise of fixing up large loans which there is in fact no real prospect of the person purporting to do the business actually arranging.

It was reported in the court this week that Mr. Morley, a financial consultant, had earlier been convicted of obtaining cheques for a total of £101,000 by falsely representing that he could obtain loans of £13m. from Arabs.

Industrial Banking Corporation was registered in Anguilla, a small island in the West Indies, but afterwards operated from an address in Hanover Square, London. Its name was exactly the same as that of a subsidiary of Guinness Mahon, the well-known City of London merchant bank, though there was no connection whatever between them.

This coincidence, which may or maye not have been accidental, can hardly have hurt the business of the Anguilla-registered concern.

A major police investigation into the case was carried out by Detective Chief Inspector Roy Elsey early last year, before the accused were arrested in May, 1977.

This inquiry extended to South Africa, Anguilla and Arab countries and cost £100,000, including the expenses of bringing nine witnesses from Johannesburg to give evidence at the trial.

One change on which Mr. Morley and Mr. Morella were convicted alleged conspiracy "to defraud such persons as might be induced to supply diamonds and other precious and semi-precious stones on credit to the Industrial Banking Corporation and to its customers by false representations that the said (IBC) was a genuine and honest business . . . that it had sufficient funds to guarantee payment for the said diamonds . . . and that irrevocable documentary credits drawn upon the said (IBC) would guarantee payment . . . and by divers other fraudulent means and devices.

A feature of the case was the presence among the accused of the Rev. Thomas Kemp, a retired minister of the United Reformed Church, who wore a clerical collar throughout the trial. He was acquitted of all the charges against him.

Prosecuting in the case, Mr. Richard Du Cann, QC, had described the Anguilla-based Industrial Banking Corporation as "a sham—no more than a facade used by the accused to develop credence."

The court was told by the prosecuting counsel that the concern had attempted to engage in large deals, including offering to finance a $500m cement works in South Africa. It had also proposed to buy quantities of diamonds, paying for them with letters of credit. It did obtain £50,000 worth of gems, but the seller was not paid.

Mr. Morley was convicted on six charges and sent to prison for five years to run concurrently (and concurrently with his existing five-year sentence), with an additional two years on another charge.

Mr. Morella was convicted on two charges to which he had pleaded guilty and received a sentence to two and a half years in jail. Judge Lewisohn stated that the sentence would have been longer, had a sum of £30,000 involved in one of the charges not been repaid.

Over the past two years or so, senior officers of the Metropolitan and City of London Police Fraud Squads and of Scotland Yard's Serious Crimes Squad have laid on an operation to investigate certain small concerns, often based in offshore islands, purporting to carry on genuine banking in Britain.

Businesses looked into include a number of tiny companies, often with high-sounding names, registered in islands in the West Indies and elsewhere. Some 20 people were arrested and a number of these still await trial.

The authorities in Anguilla last year took a tougher line and struck more than a hundred often impressively titled small companies off their register.

Overseas-registered companies, even though tiny, which set up business under bank-type names in Britain may be wholly legitimate. Yet it was anomalous that, until recently, they were able to operate in the UK subject to looser supervision than home-registered banks.

However, late last year, the Trade Department took action under section 31 of the Companies Act, 1976, considerably to reduce the number of overseas-based concerns with financial titles able to conduct business in the UK as hitherto.

More than 40 offshore companies with bank-type names which had registered abroad and then set up in Britain received notices from the Department that they could not operate in this country under their existing titles.

Section 31 empowers the Department to notify an overseas company that it is undesirable for it to trade in Britain under its existing corporate name.

Piccadilly trusts official resigns

By Terry Garrett

MR. NEILL SCOTT, the investment director of the Piccadilly group of unit trusts, has resigned following an investigation into the trusts dealings by its directors and its auditors, Whinney Murray.

Mr. Alan Judd, chairman of Piccadilly, asked for Mr. Scott's resignation last Monday. Mr. Scott, 30, leaves the company with no compensation.

Piccadilly was named in an unpublished Stock Exchange report into share dealings, which was sent to the Department of Trade, City of London Police, the Unit Trust Association and the Bank of Scotland, trustee to Piccadilly.

The Piccadilly directors and their advisors, Gresham Trust, have concluded that the transactions in which the Stock Exchange investigation was interested consisted of 12 purchases and nine sales. Virtually all of these deals were made by the trust between December 1976 and June 1977.

The 12 purchases involved a total of £187,500. All these securities have since been sold, except for shares with a book value of £14,452 and a current market value of £21,150.

The nine sales totalled £121,000 but this figure cannot be compared directly with the purchases as only some of the sales related to securities included in the purchase figure.

These feelings are believed to be the ones mentioned specifically in the Stock Exchanges report.

Mr. Judd said that these deals in the shares of the nine companies mentioned in the Exchange's report were transactions where the prices could have been manipulated, but the trust as a whole made a profit.

In a statement yesterday, the directors said that these transactions did not have a material effect on the value of the units in any of the group's funds which, in total, amount to investments of more than £10m.

The Bank of Scotland had a meeting with the Piccadilly management and its advisors on Thursday. In a statement published last night, the Bank said that "as a result of its inquiries, the bank is satisfied that the cash and securities on the basis of which the current values of the various units are determined continue to be under its control and custody."

Picadilly has been unable to obtain a copy of the report.

The Stock Exchange has indicated that it is prepared to release the report to Piccadilly only on a conditional basis. It is believed that the report will be handed over only if Piccadilly's management agrees not to pursue any legal action against the Stock Exchange.

Mr. Richard Luders, a Piccadilly director, has taken over the responsiblity for the management of the trust's funds in place of Mr. Scott.

Treasury defends lack of precision in spending plans

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE Treasury yesterday stone-walled criticisms from an all-party Commons committee about Government spending plans.

The Treasury has defended its decision not to include in its annual spending White Paper a more precise assessment of the medium-term prospects. It also rejects criticisms about the balance between current and capital expenditure.

These points are made in the Treasury's reply to the March report from the Commons expenditure committee, whose general sub-committee held a series of public hearings with Treasury officials earlier in the year.

The three pages of observations take the same non-committal line adopted by the Treasury witnesses.

The Treasury argues that the Government has not thought it appropriate to include medium-term economic projections in the last two years because of the great uncertainties involved and the likelihood that unjustified weight would be placed on the figures.

"Experience has illustrated the risks, in present circumstances, of linking firm planning decisions too closely to highly uncertain projections of the economy over a number of years."

The Treasury says that great uncertainty surrounds all the main determinants of the future growth of output and the Government therefore seeks to keep its plans flexible, especially for the later years of the five-year survey period, and to review the figures annually.

The present approach is to produce an economic assessment expressed mainly in qualitative terms. The Treasury merely repeats the pledge given in oral evidence by Mr. Joel Barnett, the Chief Secretary, that the Government would consider before the next White Paper is published to what extent more quantified economic projections should be provided.

The committee also criticised the Government for failing to redress the damage caused to the construction industry by the cuts announced in 1976.

The Treasury points out that while some capital expenditure in central and local Government services will save current spending, a great deal does not yield a direct financial return, and some will provide facilities which cost more to maintain and run.

"It would not be in the long-term interests of the construction industry if, with the aim of helping the industry, total planned expenditure were increased beyond the level at which it could be sustained."

The committee also expressed concern about the level of under-spending and shortfall in the last two financial years.

The Treasury notes the long-term continuing tendency for shortfall to occur and points to difficulties of prediction, notably in areas which cannot be closely controlled by the Government since they are influenced by general movements in the economy.

Bonus claims by oil men rejected

BY SUE CAMERON

OIL COMPANIES, trade unions and North Sea building contractors have agreed to stand firm against future claims by oil platform construction workers for end-of-contract bonus payments.

The Offshore Industry Liaison Committee, meeting in Glasgow yesterday, agreed that these claims should be rejected because of their adverse effect on platform orders to UK yards.

The committee, set up two years ago to look at problems within the offshore industry, includes Government representatives, trade unions, contractors and oil companies. Dr. Dickson Mabon, Junior Energy Minister is the chairman.

The committee recommended that "contractors, trades unions and clients should act jointly to ensure that claims for termination payments, in violation of existing agreements, should be rejected."

Such claims would reduce the number of orders and "so affect adversely the continuity of employment on UK sites."

In the past, platform construction workers have acepted pay agreements and have then gone on strike to support claims for end-of-contract bonuses of up to £2,000.

The strikes—nearly always unofficial—have been staged just before completion of a platform scheduled for summer.

Delay at this stage can mean that the floating o a platform has to be delayed for another year because of winter weather.

Two years ago, workers at the Graythorp yard refused to complete a platform for Burmah Oil for the Thistle Field unless they were given termination bonuses.

Eventually, Burmah agreed to foot the bill for the payments, rather than lose the platform for that year. The total cost to the company was said to be about £1m.

There is already overcapacity in the steel and concrete platform building industry in Europe.

Orders for concrete platforms that would otherwise have come to the UK could go to Norway or Sweden, while steel platform orders could go to Holland or France.

Dr. Mabon said that, in the next 18 months, it was expected that six or seven orders for North Sea platforms would come to the UK yards.

Coal Board rejects electricity plan

BY JOHN LLOYD

IN A STRONG counter-attack on the Central Electricity Generating Board the National Coal Board yesterday rejected the assumptions made in the Generating Board's corporate plan that coal output would fall greatly short of its targets.

The Coal Board also makes it clear that it considers the rate of expansion in nuclear power envisaged by the Generating Board as too rapid, and harmful to the orderly expansion of coal production.

However, the Government, while stressing that it continues its policy of strong support for the coal industry, admitted that there was a possibility of "short-term surpluses of production" of coal.

The Generating Board's plan estimates that the Coal Board will be down 20m tons on its 135m ton target in 1985, and as much as 80m tons down on its 170m ton target in 2000.

In addition, the corporate plan lays considerable stress on the desirability of nuclear power stations on both cost and environmental grounds.

The only coal-fired power station in the Generating Board's future plans is Drax B, which it has been ordered to build by the Government.

The Coal Board said that discussions must be held between the two boards on the immediate future period—up to 1990—and on the period beyond, where options were much wider.

"In the period up to 1990, the main question relates to the relative use of coal and fuel oil.

"There could be circumstances under which the ability of the Generating Board to switch quickly from coal to fuel oil in response to fluctuations in relative prices would be incompatible with the sensible long-term planning of the coal industry.

"The post-1990 period raises the issue of the size of the nuclear programme, which the Generating Board envisages as much greater than that included in the recent Green Paper on energy policy.

"The Coal Board's view has always been that a country must have a nuclear power capability, and that a progressive nuclear programme will be required."

In a strong endorsement of the future role for coal, Mr. Alex Eadie, a Junior Energy Minister, told the South Derbyshire National Union of Mineworkers' conference in Blackpool yesterday that coal was an essential feature in the Government's plans for energy self-sufficiency through the 1980s, and had a major contribution to make in the 1990s and beyond.

He admitted, however, that difficulties might arise in finding markets in the immediate future.

"One of the difficulties faced by the coal industry with its long lead times from planning to production is that productive capacity cannot be varied rapidly to meet short-term fluctuations in the market.

"The present investment programme is geared to the longer term and so there may be short-term surpluses of production."

The Government has said it would give assistance to counteract these fluctuations.

In the past financial year, it had paid £18.7m to the Coal Board towards the costs of stocking coal, and a further £5.4m to assist coal sales.

North West protest over regional aid

BY RHYS DAVID, NORTHERN CORRESPONDENT

THE GOVERNMENT was yesterday charged with favouring Scotland, Wales, and the North East of England in allocation of regional assistance, to the detriment of the equally needy North West.

The charge is one that has been levelled increasingly in the North West recently and in Yorkshire, but details of the grievance were yesterday spelled out more fully than before by Mr. Arnold Tweedale, chairman of the North West Industrial Development Association.

Loss of jobs

He told the association's annual meeting of the loss of 207,000 jobs in the North West since 1965—a fall of 7.8 per cent compared with 3.2 per cent in Wales, 2.1 per cent in Scotland and only 1.2 per cent in the North East.

The North West's share of national unemployment had also increased over the same period from under 10 per cent to around 13 per cent, while its share of vacancies had fallen from 12 per cent to 8.5 per cent.

The ratio of unemployed people to vacancies was higher than in any other region in Great Britain.

Mr. Tweedale claimed that the assistance which the area was receiving from the Government and the EEC was lower than in other regions.

Total assistance per head of working population received under the Industry Act up to March last year had amounted to only £205 in the North West, compared with £581 in Scotland, £614 in Wales and £566 in the North East.

Assistance from Brussels under the European Regional Fund up to the end of last year totalled £71 per unemployed person in the North West, compared with £206 in Scotland, £232 in Wales and £376 in the North East.

Mr. Tweedale was speaking before an audience which was meant to include Mr. Eric Varley, the Secretary for Industry, who was forced to withdraw at short notice. He expressed concern that Wales and Scotland now have a further advantage as a result of the setting up of their own development agencies.

He urged the Department of Industry and the National Enterprise Board to consider the North West as a location for the new micro-electronics plant which the Government plans to fund.

Banknote examiners win closed shop

BY PAULINE CLARK, LABOUR STAFF

THE BANK of England has conceded a post-entry closed shop to banknote examiners at its Loughton printing works in Essex after a five-week strike by 500 members of the Society of Graphical and Allied Trades, the union said yesterday. Present non-union workers will not be compelled to join.

A mass meeting of the strikers yesterday decided to return to work next week after receiving what were understood to be firmer assurances also on supervisors' union memership.

The bank has made known its willingness to introduce a post-entry closed shop for some time in line with its closed shop agreement with some other groups in the works, but the strikers were apparently not satisfied until yesterday that steps would be taken to ensure union membership among new entrants.

The official strike began to bite only at the end of May when production started to be seriously affected.

Even so, the impact was made less severe by the fact that it coincided with a moratorium, first on £1 and £10 notes and this month on £5 and £10 notes.

This involves a temporary halt on the issue of new notes to the clearing banks as part of the Bank of England's control mechanism.

World Cup commercial strike ends

ABOUT 100 technicians last night called off a week-long strike which had stopped Tyne-Tees Television putting out commercials.

They agreed to return to work after the company withdrew a disciplinary letter to a technician, who withdrew a Chrysler car advertisement using Scotland footballers, because of their poor World Cup performance against Iran.

The dispute cost the station an estimated £130,000 in lost revenue.

Blastfurnacemen go back at Llanwern after three weeks

BY CHRISTIAN TYLER, LABOUR EDITOR

BLASTFURNACEMEN at Llanwern, South Wales, called off a three-week strike yesterday which cost the British Steel Corporation £8.5m and the loss of 150,000 tons of steel.

Nearly 5,000 men laid off will be recalled from tomorrow, when the 550 strikers go back, and production is expected to resume early next week. But the corporation will still take delivery of 20,000 tons of imported hot rolled coil for tinplating, mainly from Holland, ordered to help fill the gap.

Members of the National Union of Blastfurnacemen at the plant accepted the solution to the dispute worked out at talks in London on Thursday night.

BSC has agreed to add two more men to two of the four shifts in part of the No. 3 blastfurnace, the biggest in the country.

The men maintaining troughs which deliver molten iron to ladles for transport to the steel mills had demanded higher manning to end overtime working.

Their associated claim for an extra £8 a week for new manning arrangements is to be put through procedure.

BSC said that an offer of higher manning on the furnace had been on the table since 1976, but had not been taken up by the union.

PRODUCTION was hit at the British Steel Corporation plant at Corby, Northants, yesterday, after 170 chargehands walked out in protest at what they claim is a low productivity deal.

Monsanto workers 'exposed to danger'

BY SUE CAMERON

SHOP STEWARDS at the Monsanto group's plant at Seal Sands, Cleveland, say that some workers there are exposed to dangerously high levels of acrylonitrile, a chemical used in making plastics and acrylic fibres.

The permitted exposure level of acrylonitrile is 20 parts a million. The Seal Sands shop stewards say monitoring has shown that one man at the plant was exposed to 214 parts a million and another to 102.

It is claimed that neither was wearing protective breathing apparatus. A third man, wearing breathing apparatus, was said to have been exposed to a level of 950.

Monsanto said yesterday that it could neither confirm nor deny that workers had been exposed to these high levels of acrylonitrile. The shop stewards' claims were now the subject of an internal investigation, and "at this point the full facts have not been ascertained."

[illegible] this week an [illegible] shop stewards representing [illegible] workers at the Seal Sands site, where the plant is still being built, though part of it has come on stream, met Dr. Alec Munn, Monsanto's [illegible] health director for Europe.

The meeting followed a BBC Panorama programme on health and safety which dealt with the hazards of acrylonitrile.

Dr. Munn said at the meeting that exposure levels at the Seal Sands plant were well below two parts a million, and that levels on the construction site were "substantially less."

Daily monitoring of exposure levels was carried out, and where this indicated higher levels "appropriate steps" were immediately taken to ensure the health and safety of workers.

But those at the meeting say that when Dr. Munn was asked about claims of a monitored exposure level of 214, he was "visibly shaken."

Blood troubles

The local factory inspectorate in Cleveland said yesterday that if the reports of high exposure levels proved accurate, it "would certainly be looking into the matter."

One inspector said a level of 214 was "exceptionally high," particularly if the person exposed to it was not wearing breathing apparatus.

Exposure to dangerous levels of acrylonitrile leads to breathing difficulties and a rise of cyanide levels in the blood. There are claims that it can also lead to bowel and lung cancer.

At the beginning of this year the U.S. introduced an emergency exposure level of two parts a million for acrylonitrile because of the possible carcinogenic effects of the chemical.

The previous limit was 20, as in the UK. The U.S. will fix a new permanent standard later this year.

New uses for pit waste sought

By John Lloyd

THE COAL industry is being forced by mounting public pressure to find better ways of disposing of colliery waste, Mr. Robert Dunn, director-general of mining at the National Coal Board, said yesterday.

Mr. Dunn told the Association of Mining, Electrical and Mechanical Engineers' convention at Harrogate that the best way to dispose of waste was to find a use for it.

About 5m. tonnes of waste a year—one-tenth of total waste production—was being used for surfacing running tracks and tennis courts, filling roads and in land reclamation, in sea and river defences and cement production.

However, scarcity of land in some areas, together with moves to develop large mining complexes in traditionally non-mining areas, would create increased pressure to find more uses for the waste.

"A major factor in the success of the research and commercial effort we are putting into finding additional uses will be the acceptance of colliery waste as an alternative to other commonly-used materials.

"I am thinking especially of its value as construction blocks for the building industry."

Special steelmakers try do-it-yourself

BY OUR NORTHERN CORRESPONDENT

NEEPSEND, THE Sheffield steelmakers, is expanding in the do-it-yourself market to counter the fall in special steel.

The group which had a turnover of £12.2m in the first half of its year, is well known for its Cintride brand masonry drills, also used extensively in the engineering industry.

More recently it has peddled a range of products bearing the Cintride name including handsaws, circular saws, spanners and long-life abrasive materials.

The attraction of do-it-yourself for Neepsend is its continued expansion. The total market for the handyman products is estimated to have grown from £500m to £1.2bn in eight years.

Increased leisure and the difficulty of obtaining craftsmen are likely to expand the market much faster than the economy as a whole, said Mr. Stanley Speight, chairman of Neepsend and this year's Master Cutler, in Sheffield this week.

Expansion in this market enables the company to consume internally a higher proportion of its own output of tool and high-speed steels.

The market for special steels generally remains depressed, with most Sheffield producers working below capacity because of weak demand and heavy pressure of imports, particularly from Germany.

Neepsend estimates that about 10 per cent of its turnover is from DIY, with Cintride sales as a whole, including those for industry, about 20 per cent.

A doubling of DIY sales in the next three or four years is expected.

The company's speciality has traditionally been in hard metal tools, using tungsten carbide tips formed by high-temperature sintering of a mixture of powdered tungsten and cobalt.

New products

A range of new products, including tools for cutting glass, ceramics, and plastic laminates, has been added to basic engineers' cutting tools and masonry drills, and further new products are being explored.

In recent years it has developed abrasive products using a flexible steel strip impregnated with tungsten carbide chips.

Much of the company's investment in the next few years will be in tools to support continued expansion in the market. About £500,000 is to be spent on a new lightweight compact industrial drill, Rotabroach, claimed to cut drilling time.

About £250,000 is being spent this year on DIY tools. A melting shop will be built in Sheffield costing £250,000 designed to increase efficiency of steel production.

Lorry-drivers to meet on ballot protest

By Our Midlands Correspondent

A MASS meeting of Birmingham lorry-drivers is expected tomorrow to consider a call for a vote of no confidence in Mr. Alan Law, a regional trade group secretary of the Transport and General Workers' Union.

The move follows allegations about irregularities in a ballot by the 5/35 Branch of the TGWU held last November, when Mr. Law was branch secretary.

He is said to have returned a bloc vote in favour of two candidates instead of conducting a full ballot.

The regional committee of the TGWU declared the election void and ordered a re-run. Mr. Law resigned as secretary of the branch of about 4,500 which was divided into four.

After a complaint by two shop stewards about the ballot, the West Midlands Police Commercial Squad is investigating the position.

These branches have called a meeting in Birmingham tomorrow to consider the issue. Mr. Law, who is at present visiting his friend, Mr. Arthur Scargill, the Yorks miners' leader, is not expected to attend.

Controversy has followed Mr. Law, whose drivers were among the first to breach the Government's 10 per cent pay guidelines with a 15 per cent deal. His success as Midlands trade group secretary for commercial transport in boosting the earnings of drivers is likely to win some support against his critics.

1m jobless 'may never work again'

MORE THAN 1m unemployed in the UK could never work again, unless a radical new approach is taken to the problem by the Government and unions, Lord Glenamara, told the annual meeting of the North East Development Council in Newcastle yesterday.

Cement men walk out

WORKERS at the Blue Circle Cement works in Northfleet, Kent, walked out yesterday in a dispute over pay.

About 1,000 men were involved and pickets were reported to be blocking entrances.

The company said the dispute was over a pay offer and Phase Three of the Government's pay code.

NEWS ANALYSIS — THE SEMI-CONDUCTOR MARKET

Big race for the silicon chip

BY MAX WILKINSON

INTENSE SPECULATION has already started on the outcome of a race between the National Enterprise Board and the General Electric Company for a share of the mass semi-conductor market of the 1980s.

GEC is hoping to set up a joint venture with Fairchild, the U.S. semi-conductor company, while the Board intends to go it alone with the help of a group of six to eight U.S. and British expatriate technologists, brought together by Mr. Dick Petritz, a Texas venture financier.

Both ventures, however, appear to be directed at the same market, that for high density memories for computers and other standard applications.

The main target for the Enterprise Board is a silicon chip which contains 64,000 separate memory cells. This product is now being developed by several major semi-conductor companies in the U.S. and Japan.

It seems certain that the GEC-Fairchild plans will be aimed at the same target. Since this is a highly competitive race against established giants, the question is whether either or both can succeed, and whether there is room in the UK for two new ventures of this kind.

The National Enterprise Board is pinning its hopes on the brilliance of the team which it has picked. To leapfrog the established companies it will have to entice men who are already at the forefront of the technology and who have designs, so to speak, in their pockets.

Fujitsu, the Japanese computer company, has already announced its own version of the 64,000 Random Access Memory (64k RAM) chip, which is now available in sample quantities.

However, Fujitsu's product, though the first is not ideal because it uses different voltages from those that have become standard in the computer industry. It cannot therefore be plugged into existing designs without inconvenient modifications.

The U.S. competition is close behind. Intel, Mostek and Texas Instruments, the three leading companies in this branch of semi-conductor technology, are all expected to produce their first 64k RAMs this year.

The first company to offer a chip in the standard 16-pin package using the normal five-volt supply will have a head start in a market expected to be worth $15m in 1979 rising rapidly to $250m by 1982.

The 64k RAM will rapidly take over from high density memory chips now on the market which are moving from 4,000 cells per chip to 16,000 (the 16k RAM).

The significance of the 64k RAM is not merely that it will store four times as much information in the same space as the most advanced memory at present on the market.

A more important fact is that it will bring the present technology for etching circuits on silicon almost to its theoretical limit.

The next generation of circuits will require the present etching processes to be replaced by more expensive X-ray equipment and electron beams under computer control which can implant transistors directly onto the silicon chips.

Research into X-ray techniques and electron beam lithography, now well under way, indicates that capital costs in the semi-conductor industry will rise rapidly in the 1980s perhaps to ten times the present level or more.

Incentive

The prospect of huge capital expenditures clearly provides a powerful incentive for companies like Fairchild to seek a richer partner.

In the current year, Fairchild is expecting to spend about £15m on capital equipment, compared with more than £50m by its larger rival, Texas Instruments. In the longer term, therefore, an injection of cash from a company like GEC could be needed to stay in the race.

For its part, GEC has almost certainly considered the possibility of an outright take-over of Fairchild, which GEC could easily afford at a market capitalisation of just over £100m.

However, apart from possible political difficulties, a take-over would present great management problems since GEC has little expertise in the U.S. semi-conductor market. A joint venture in the UK would therefore look more sensible, with GEC, perhaps taking a minority slice of Fairchild's equity.

The question remains what technical expertise Fairchild can provide in the area of metal oxide silicon (MOS) memories which seem likely to be the basis of any new venture in the UK.

Hitherto, Fairchild's eminence has been in the rather different area of bi-polar and charged coupled device (CCD) integrated circuits. Its bi-polar memories have had the advantage of high speed needed at the very centre of large computers.

But as packing densities increase, the speed of the rival MOS integrated circuits has been improving. When the new 64k MOS memory comes on the market, it may be that some of the technical advantages of Fairchild's bi-polar circuits would be eroded. The CCD memories compete for the market for bulk storage of information rather than the central core of computer memory.

For these reasons there may be a good case for Fairchild to expand its MOS production with a factory in the UK. An additional advantage for Fairchild would be that labour costs in the UK especially for skilled engineers, are relatively low. It is also keen to achieve cooperation with a company which converts silicon chips into equipment and systems.

In addition, all the leading U.S. semi-conductor companies have been anxious for some time in case the growing protectionism in Europe could work against companies which do not have semiconductor manufacturing plants in Europe.

They have also been looking carefully at the large amounts of assistance to the industry now being considered by the French, German and UK Governments.

Even in the UK, where £50m of taxpayers' money is likely to be channelled directly through the National Enterprise Board into a new subsidiary, additional subsidy of £50m to £80m is likely to be offered to established companies in the field, including multinationals.

Although no details of possible deal between Fairchild and GEC have yet been made public, it is likely that the two companies are still talking about the vital issue of who would control a new joint venture.

Fairchild indicated yesterday that it is also talking to other companies in the world. These probably include Thomson CSF, France's main semi-conductor manufacturer, which is looking for a U.S. partner and has been offered a substantial dowry from the French Government if it finds one.

Technology

GEC, like its rivals Thomson and German Siemens, has a difficult task of finding a suitable partner or acquisition in the U.S.

All three companies believe that a U.S. link is needed, both to gain access to a rapidly moving technology and to capture the share of the U.S. market which must be the pre-requisite for mass production of standard components like computer memories and micro-computers.

Siemens and GEC have both realised that acquisition of a small semi-conductor company could be hazardous because of the danger that the key managers and scientists would leave after a take-over.

On the other hand the famous names in the industry are probably too big to be taken over and digested by any European company. And the risks would be very high.

A joint venture, therefore, would seem the best compromise for GEC. It would offer, on the one hand, the possibility of big profits if it could be successful in the expanding market for standard memories and processors.

But even if the venture were not profitable, GEC would gain access to the "leading edge" of technology which it will need for the successful design of a whole range of its systems.

Any losses could be set against the substantial research and development sums which it would in any case have to commit to this field.

Nalgo demands more cash for Health Service

BRITAIN'S fourth-biggest union, the National and Local Government Officers' Association, yesterday demanded more cash for the Health Service.

Delegates at the union's annual congress at Brighton approved a motion seeking further and substantial injections of funds, to enable the service to "re-establish its rightful place" in the standards of health care expected by Britain.

They were particularly concerned because many new hospitals could not be opened because of lack of funds, and urged that more hospitals be built in the next decade.

Mr. David Bowring, health service administrator, told delegates that in the past 15 years, turnover of patients in hospitals had gone up by 30 per cent, the number of beds had risen by 17 per cent, but waiting lists were still up by 20 per cent.

Managers call for Phase Four pay code

By Alan Pike, Labour Correspondent

BRITISH Institute of Management representatives will next week tell Mr. Denis Healey, the Chancellor, that they accept the need for further pay guidelines when Phase Three expires at the end of July.

Sir Derek Ezra, BIM chairman, said in Brighton last night that it might accept "an even tougher attitude to pay settlements in the months ahead."

But there had to be some flexibility to deal with anomalies and to restore differentials, particularly of middle and senior managers.

The Chancellor would be asked to set up a body to deal with anomalies and pay relativity.

Gilts pause for thought

The gilt-edged market never quite made it this week. On Monday, the odds were that the new long tap (Exchequer 12 per cent 2013/17) would be sold out on day one. But the stags started to think again when the authorities acted with indecent haste to replace the exhausted short tap on Monday, and Wednesday's trade fiugres also made them pause for thought.

In the end, probably about a third of the long tap was left unsold when the applications had been counted up on Thursday, and the tap stock started life at a small discount. After that, there were no queues for the new short tap yesterday.

In equities, share prices have generally stood up reasonably well to a battery of bad trading news from major companies. English China Clays, Arthur Guinness Chloride, Westland, and Tate and Lyle were among those which left the analysts blushing, and the gloom was only lightened by yesterday's bright figures from Pilkington Brothers.

THE TOP PERFORMING SECTORS IN FOUR WEEKS FROM MAY 18

	% Change
Discount Houses	+8.4
Packaging and Paper	+3.7
Chemicals	+3.5
Mining Finance	+3.4
Investment Trusts	+2.9
Food Manufacturing	+2.6

THE WORST PERFORMERS

All-Share Index	−1.6
Insurance (Life)	−3.4
Newspapers, Publishing	−3.6
Entertainment, Catering	−3.7
Insurance Brokers	−4.5
Breweries	−4.9
Hire Purchase	−5.6

Barclays' trust deal

Barclays Bank's scheme to buy the Investment Trust Corporation (ITC) for £93m in shares and pass it on to the Post Office Staff Superannuation Fund for £85m in cash is an ingenious deal which should leave everyone involved feeling happy apart from Barclays' shareholders. They can be forgiven for feeling disgruntled.

The logic for the bank is that this three-cornered scheme is a "cheaper" way of raising cash than a conventional rights issue. For the pension fund it is a convenient way into equities and for ITC shareholders it is a chance to sell out at a very good price—even the cash alternative is higher than net asset value.

But the whole operation bypasses existing Barclays shareholders. If the bank wanted to raise cash by issuing shares, existing shareholders should have been given the first opportunity to participate. Barclays argument that this arrangement gives the chance to issue shares at a discount of 10 per cent against 15 to 20 per cent with a rights issue, is irrelevant. The discount is being given away to outsiders—ITC shareholders and cannot be compared with a discount to existing holders. The cost of this discount is of course being borne by the company—effectively existing shareholders who will end up with a smaller stake in their company.

Shareholders may feel a dividend increase of 20 per cent is inadequate compensation for the dilution of their interests, and already there seems to be a fair amount of resentment building up in the institutions.

LONDON

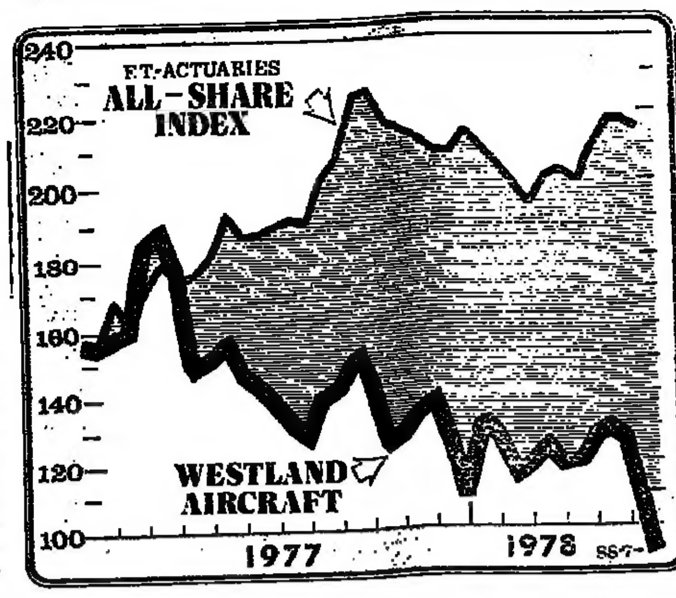
ONLOOKER

Westland shocker

The old tale about bad figures taking a lot longer to add up was certainly borne out by Westland Aircraft's interim results which did not appear until about 7 pm on Wednesday night. The news, contrary to analysts' expectations, was very bad. As a result of continuing problems on the Lynx helicopter project for the Ministry of Defence further provisions — possibly as great, or even more than the £6½m provided last year — will be necessary in 1977-78. This implies that Westland's largest operating unit — helicopters— will end the year to September with a loss, against a profit of £3.4m last time. And there seems little doubt that group pre-tax profits for the year will show a substantial reduction on last year's £5.8m, itself down from £9.3m.

Westland's problem this time is the helicopter factory at Yeovil, where the earnings of 2,000 employees are determined by the piecework earnings of less than half that number. However, negotiations are still going on. And since provisions already made (and anticipated) take into account likely levels of wage inflation until the contract is completed, it is possible that eventual losses could be lower.

The news sent Westland's share price into a spin on Thursday, knocking £11¼m off the capitalisation, but a slight recovery yesterday left the shares 11½p down for the week at 35p.



Shipping buffeted

The shipping sector continues to be buffeted by bad news. This week London and Overseas Freighters reported attributable losses of £4.3m, against profits of roughly the same order the previous year, missed its dividend and announced that it was seeking Government help in postponing its loan repayments. The Lofs share price ended the week over 25 per cent lower, and once again our shipping sector index moved in the opposite direction to the market generally.

Scarcely a week goes by at the moment without a shipping company coming out with a gloomy statement. Apart from Lofs, British and Commonwealth's results on Thursday, showed that its shipping side lost over £0.5m in the second half while in the previous week both Furness Withy and P and O emphasised the distressed state of the industry.

The problems are well known. There is a chronic surplus of shipping tonnage which is keeping freight rates far too low while there is also a tremendous overcapacity in the world shipbuilding industry. Until èquilibrium is reached the industry is going to be in the doldrums.

However, shipping shares have taken quite a beating over the past 18 months. While the All-share index has fallen by only 5 per cent, the P and O share price has dropped by nearly 60 per cent and the prices of Ocean Transport and Furness Withy are down by a third. Both Ocean and P and O are currently yielding over 10 per cent and the share prices are discounting some pretty awful results in the current year. Unless the UK shipping industry is going to sink from sight the shares of these two former "blue chips" could be near their nadir.

Sour figures

Tate and Lyle's results must have left a bitter taste in the mouths of shareholders this week. Interim profits were 55 per cent lower and analysts are forecasting full-time results of £2m less than last year's first half £24.9m. Mainly due to the huge world sugar surplus, Tate's refining activities turned round from a profit of £7.1m to a loss of £0.4m, while commodity trading dipped £6.3m to £11.3m and starch by £1.7m to £1.6m. Also, because of the continuing depression in freight rates, shipping's contribution was reduced to nil, compared with £1.2m last time. Only engineering prospered, so it was a relief to hear the chairman stressing that the policy of maintaining dividends remained unchanged —for the moment at least. Putting aside the uncertain future, however, it is clear that Tate got its sums wrong after the 1974-75 sugar price explosion, which left such a dent in demand.

The group assumed that world sugar consumption would recover once income levels rose. But this has not materialised and demand has settled at a level well below previous peaks. Now, attempts to rationalise are proving expensive. The company is in the process of reducing annual refining capacity from around 2m tonnes to about 1.4m tonnes by 1982 but it has been suggested that this will have to be cut to nearer 1m tonnes to ensure long-term prosperity.

U.K. INDICES

Average week to	June 16	June 9	June 2
FINANCIAL TIMES			
Govt. Secs.	70.64	69.35	69.83
Fixed Interest	72.44	71.08	71.64
Indust. Ord.	471.7	472.7	476.2
Gold Mines	158.5	157.1	154.4
Dealings mkd.	4,816	4,735	4,686
FT ACTUARIES			
Capital Gds.	214.94	214.14	214.03
Consumer (Durable)	198.97	196.14	195.84
Cons. (Non-Durable)	201.77	201.45	202.80
Ind. Group	210.97	210.28	211.25
500-Share	233.94	233.68	234.81
Financial Gp.	164.82	163.34	164.47
All-Share	216.07	215.34	216.13
Red. Debs.	57.30	57.03	57.32

A time for questions on Wall Street

NEW YORK, June 16.

AT LEAST this time no one can say that they were not warned. Citibank cast something of a chill over the market on Wednesday with the publication of a warning in its monthly Economic Letter that: "There's every reason to expect a further rise in interest rates." By yesterday the message had taken hold and the Dow Jones Industrial Average suffered its largest daily decline in more than one month.

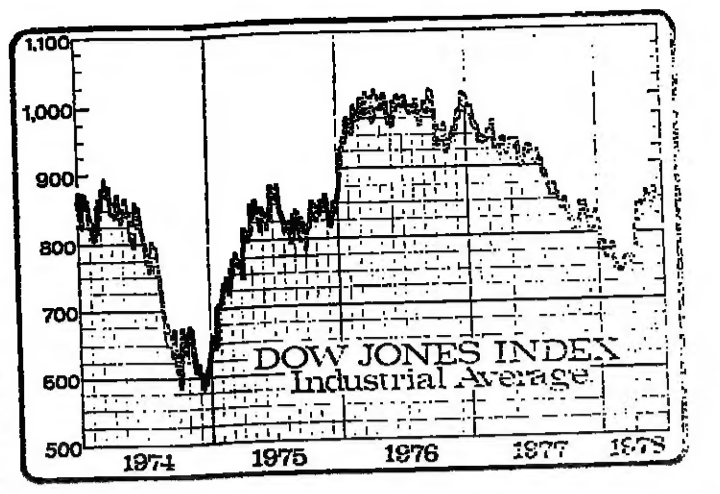
This morning Citibank raised its prime rate—the charge it makes on loans to its best customers—and within an hour many of the country's largest banks were following suit and establishing the highest prime rate since early 1975.

Part of the reason is a huge increase in corporate short-term debt. According to Citibank corporate debt has been rising at an annual rate of 12 per cent compared to 8 per cent during 1976, and only 5 per cent in 1975, the first year of the recovery. But the character of this debt is now changing with long-term borrowing falling dramatically and short-term and intermediate debt rising from only 20 per cent of total external financing in 1976, to more than 60 per cent in the first quarter of this year.

NEW YORK

JOHN WYLES

This had a dramatic impact on bank loans which rose by only 2bn dollars in 1976, 21bn last year but at an annual rate of 47bn dollars in the first quarter of this year. The cost of corporate borrowing has risen by 2 to 3 per cent over the last year and the question over the short-term future of the stock market is now whether investors will continue to take the benign view of tighter credit which has been a notable feature of the current rally.



The Federal Reserve board is widely expected to raise its key short-term interest rate — the Fed Funds rate — before the end of the month in an attempt to curb the growth in the money supply and hence attack the expected 1978 inflation rate of about 7 per cent.

Will the market take an increase in the Fed funds rate from 7¼ per cent to say 7¾ per cent as a further cheering sign that both the level of inflation and the level of economic activity will be lowered and the economy perhaps positioned better for a further advance in 1980? Or will it fear that the 18-month outlook is sufficiently obscure to justify greater caution in the equity front? Moreover will the increase in interest rates make other debt instruments significantly more alluring than equities?

These are some of the questions being pondered on Wall Street, where the market's performance this month is considered extremly impressive for a June. During the week trading has been overshadowed by the dollar's renewed weakness against the Yen and by worries over short-term interest rates, but the Dow Jones industrial average has not been notably feeble.

Blue chips have tended to lead both the buying and selling, but the real speculative impulse has focused on gambling stocks. The start of legalised gaming at Atlantic City in New Jersey—the only gambling centre outside Las Vegas — was bound to stir some interest in casino operators and manufacturers of gambling machines.

But investors' readiness to gamble on some of these stocks has taken many observers by surprise. Resort International, which operates Atlantic City's only operating at the moment has been in great demand since the company revealed on Wednesday that it had been sweeping in a net win of $438,000 a day since the casino opened last month. Its A and AB stocks soared on the American stock exchange by 11[illegible] points and 5[illegible] points respectively on Tuesday and Wednesday while Caesar's World which operates in Las Vegas and has taken a lease on an Atlantic City hotel also gained 2[illegible] on Wednesday. Bally and Playboy stocks have also been doing well.

CLOSING PRICES

	Close	Change
Monday	856.72	− 2.57
Tuesday	856.98	+ 0.26
Wednesday	854.56	− 2.42
Thursday	844.25	−10.31
Friday	836.97	− 7.28

MARKET HIGHLIGHTS OF THE WEEK

	Price Y'day	Change on Week	1978 High	1978 Low	
Ind. Ord. Index	470.6	+ 3.7	497.3	433.4	Following in the wake of Gilts
Albright & Wilson	170	+20	172	86	Agreed higher bid from Tenneco
Bath & Portland	80	+ 9	83	62	Speculative demand/Int. figs. soon
British & Commonwealth	288	−11	305	252	Current profits warning
B H South	113	+14	125	63	Bid rumours
Brown & Jackson	123	+21	125	24	Renewed speculative interest
Churchbury Estates	283	+28	283	233	British Land acquires 15% stake
Combined English Stores	101	+ 8	101	73	Encouraging retail sales figs.
Henderson (J.W.)	208	+49	210	138	Agreed bid from Cement-Roadstone
Investment Trust Corp.	273	+20	278	174	Barclays Bank/P.O. Pen. fund bid.
McNeill Group	45	−13	59	38	Dividend omission and loss.
Messina	89	− 9	100	70	Weakness of copper price
Pork Farms	683	+40	683	393	No Mon. Com. reference
Sabina Inds.	84	+35	90	30	Speculative buying
Staveley Inds.	282	+37	288	214	Better than expected results
Sungei Besi	220	+12	220	134	Return to dividend list...
Swire Properties	66	+ 9	66	31½	Berkeley Hambro disposes of stake
Triplex Foundries	89	+11	89	72	Better than expected results
Vlakfontein	54	− 6	62	37	Passing of interim div.
Westland Aircraft	35	−11½	52	30	Depressing interim report

No automatic right to tenancy

BY OUR LEGAL STAFF

My wife by her will has left all her property to her two sons by a previous marriage. This includes the family home, on which I pay the rates. Would I have a right as tenant of the house if she were to die?

You do not appear to have a tenancy and would be unprotected if your wife were to die. Unless your wife provides in her will for you to be allowed to reside in the property during your life you will not be able to remain in the house after your wife's death. An alternative would be to grant you a tenancy now, but that is no better than a right to remain in residence granted by the will, and has an air of officiality about it.

VAT and Sports Club

In connection with our local sports club corporation tax is paid at 42 per cent. on the net takings. VAT is paid on certain repairs, last year amounting to £200. We are not registered for VAT. Can we obtain repayment?

No: an exempt trader bears VAT like a private householder. If the club eventually becomes registered for VAT (compulsorily or voluntarily) it will, of course, have to account for VAT on the gross caravan rents etc., subject to credit for VAT suffered on expenditure.

Meanwhile, the VAT suffered on relevant repairs etc. is deductible for corporation tax purposes, in the same way as the basic charges on which the VAT was levied. So the taxman ultimately bears 42 per cent. of the 8 per cent. cut taken by the vatman!

Income Tax and age allowance

In February 1974 I purchased an Income Bond which matures in February 1979. I am aware that the Chargeable Event will be subject to Investment Income Surcharge and in my case, top slicing will apply.

The Chargeable Event is free of Standard Rate tax, but when I inquired at the local tax office, I was given the impression that it will be added to income when calculating the age allowance limit of £4,000. Is this correct? —If so, two-thirds of the full amount will then reduce my age allowance of £2,075 to £1,535, which in effect means that I will be paying standard rate tax on £540. Furthermore, if it is to be added, can I request top slicing, which in my case would be to advantage?

Also could you say whether the tax free National Savings Bank interest of £140 applicable to a joint account of husband and wife is added in the calculation of the age allowance limit of £4,000?

The gain arising on the Chargeable Event will indeed result in clawback of your age allowance, and unfortunately the clawback is not mitigated by top-slicing relief. Investment income surcharge (and higher rate tax) can be reduced by top slicing, but age allowance clawback cannot.

This point was explained in a reply published in the Finance and the Family column on June 25 last year, under the heading "Age relief limits." Following the publication of that reply, one of the MPs on the Finance Bill Standing Committee took up the point with the Financial Secretary to the Treasury, but his response indicated that clawback of age allowance in situations like yours is deliberate government policy.

We are pleased to say that exempt NSB interest does not affect age allowance.

If you are interested you will find the relevant legislation in sections 8(1B), 399(1), 400 and 414 of the Income and Corporation Taxes Act 1970 (as amended).

Victims of the Nazis

Referring to your reply of April 9, 1977, on tax relief for victims of Nazi persecution, my wife, who was imprisoned in Ravensbruck has been awarded a disability pension by the Stichting 1940-1945 of Amsterdam. Could you advise me whether my wife should be considered under para 6.6 or 6.7, Chapter 6, Inland Revenue leaflet 25 on Foreign Pensions?

We are sorry to say that your wife's disability pension does not appear to qualify for any UK tax relief beyond the 10 per cent deduction which is available for foreign pensions generally. Relief under section 377 of the Income and Corporation Taxes Act 1970 and under section 22(2) of the Finance Act 1974 is limited to payments made under West German or Austrian law, and we can find no help in the Netherlands-UK double taxation convention, nor in the published extrastatutory concessions.

As the Finance Bill is still in the Committee Stage, the time seems opportune to bring the tax position of your wife (and other victims of Nazi illtreatment) to the attention of the House of Commons. We suggest, therefore, that you write to your MP and invite him to sound out the Treasury on the prospect of widening the scope of the existing tax reliefs, either by legislation or by concession. The reports of the first three sittings of the Finance Bill Standing Committee (before the recess) give grounds for hope that the Government will introduce amendments at the Report Stage improving certain tax reliefs for the disabled, and so you can be sure that your MP's approach will receive sympathetic consideration by the Chancellor and his colleagues.

Interference with good

Owing to illness I was unable to remove some of my possessions from a house of which I was a tenant. The new tenant refuses to allow me in to get them, and says he can throw them away if he wishes. What can I do?

You are entitled to recover your chattels and may, if necessary, sue the occupier of the house for them or their value on the new ground of interference with goods.

Forcing a settlement

On the death of my wife intestate in 1976 I put the winding up of her estate into the hands of a solicitor. On the grounds that the accountant engaged by the solicitor says that my son's business owes the estate some £2,000, which he denies, as do my daughters. If the solicitor still retains more than half the property in the estate can I force him to settle?

We think it would be wise for you to consult another solicitor. If you are the administrator of your wife's estate, as seems most likely, you would be entitled to resolve any disputed claims between yourself and the remaining beneficiaries; and to that end can withdraw instructions (and papers) from your present solicitor.

Right to gather a crop

For some years a number of us have been using a piece of land at the back of the local pub. as allotments. No charge has been made and now a new tenant of the pub. wants the land for home-grown produce and we have been given five weeks' notice to quit. As we have crops planted which will not mature until late in the summer, this is very unsatisfactory. Have we any legal right to stay on?

It seems that you have no legal right to stay on the land until autumn. However by invoking the old law relating to "emblements" you may be able to claim a right to re-enter on the land and gather your crop at the appropriate time on the footing that the crop belongs to you.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

'Ware covenants

INSURANCE

JOHN PHILIP

THIS WEEK I was asked for advice by a colleague with a house purchase problem. Intent on moving into the outer suburbs and wanting a new house he had been directed by local estate agents to a couple of small developments. Each development covered the sites and grounds of now demolished large late Victorian houses and the developers were proposing to build at a density of six houses to the acre on each site.

Having selected his plot and type of house and paid a deposit, my colleague was rather disconcerted a few weeks later, when the legal wheels began to turn, to discover that on the whole development site there had long been a covenant restricting a number of houses in the particular locality to no more than two to the acre.

The legal records were quite clear. Back in 1895 the land, at that time a 15-acre field, had been parcelled-up and sold off by the then owner who had kept a large plot on which he had built a solid residence, which still stands. As he had sold off various plots, some to speculative builders, some to individual purchasers for their own use, he had laid down the rule, observed for 80 years that no more than two houses to an acre were to be built.

This kind of clause is often found in title deeds. It restricts the owner's right to do what he likes with his property and runs for the benefit of one or more other property owners in the immediate vicinity. Such a covenant is not personal to the original parties, but as the lawyers say, runs with the land, irrespective of the identity of the owners for the time being. It is therefore a restriction which does not become extinguished simply by the passage of time so that, in the event of a dispute, it is open for the courts to enforce a restrictive covenant.

Of course, time changes many things and whatever laymen may think, judges do recognise that in 1978 there may be good reasons for allowing an 80-year-old covenant to be breached. Legal precedents show that they may do this, for example, if the nature of the locality has changed: if several plots of land were once covenanted to be used only for private residences and are now totally surrounded by commercial and industrial premises and there is a dispute between the respective freeholders the courts will now probably rule that the covenants no longer are in force, allowing those houses to be converted even to cafes and betting shops, if the current owners so plan.

None the less, approaching the problem legalistically it is always open to the parties concerned to apply to the Lands Tribunal to modify or to completely discharge a covenant. The Lands Tribunal has power under the Law of Property Acts, 1925 and 1969, and normally these powers are exercised very much on the same principles as are applied by the judges in disputes, bearing in mind the age of the covenant and the changes of the locality and so on. But for one reason or another this machinery is not frequently used.

Where a restrictive covenant applies, no one should contemplate the use of the property contrary to covenant, nor should anyone buy a property constructed in breach of covenant without getting the position legally clear or having the protection of insurance. In practice, the developer of restricted land should count the cost of the insurance alternative among his overheads for it is he, not the likely purchaser, who should take out the insurance at the time of the development.

Once bought, the insurance operates for the benefit of all the would-be purchasers and their successors in title. Protection is provided against claims for breach of covenant by anyone entitled to claim for breaches, and damages.

This cover is open-ended as far as time is concerned and there is no renewal—and exceptionally insurers do have to handle claims made 20 or 30 years after the cover has been taken out.

Here, as with most other insurances, inflation poses a problem because insurers normally fix a financial limit of liability for the whole cover and then, if it is to run for the benefit of a number of purchasers, perhaps with individual per capita limits. So even if the developer arranges his cover with financial limits, say double those reasonably required in the current year, the head-room that he obtains can be eliminated by a few years of double figure inflation.

So the occupier of any property developed in breach of covenant should from time to time have a look at the protection he has and consider whether it is worth topping-up the financial limit. At that stage, of course, it is his own financial responsibility, and not that of the original developer, though it may be possible for him to go back to the developer's insurers for the extra cover rather than to start afresh. Moreover when such an occupier comes to sell in his turn, he may well be faced with a request from his then purchaser to provide adequate insurance.

Restrictive covenant problems and their insurance should be meat and drink to the majority of solicitors in general practice and restrictive covenant insurance is best arranged with the advice of the solicitor one has instructed to deal with the purchase of the property. Premiums, which are payable once and for all at the time of purchase of cover, are very variable and for the best cover may start at 50p per cent.

Canada's new uranium area

MINING

KENNETH MARSTON

WHILE WORLD demand for uranium continues to ride high and the big Australian deposits of the material still have to reach the production stage, a new major uranium province is taking shape. It is in northern Saskatchewan. Last year, spending on exploration and devolpment there rose about C$40m (£19.5m).

Since 1968, when Gulf Minerals discovered the Rabbit Lake mine, the total of new finds in the area exceeds 100,000 short tons of uranium oxide. Although this is less than the total of the Australian discoveries it is still of major importance and the Canadian figure is likely to be considerably exceeded as further exploration work progresses.

The province is believed to hold some 30 per cent of Canada's known uranium reserves and not only are the deposits of good grade ore but also they contain useful amounts of other minerals such as nickel, gold, copper, silver and cobalt. Gulf Minerals is associated with **Marathon Oil** and **Uranerz Exploration and Mining** in four ore deposits at Rabbit Lake.

Of these, the Rabbit Lake mine was brought to production in 1975. Many other potential mines in the big area await the go-ahead, notably the Key Lake finds of Uranerz and **Inexco Oil**, which are still being evaluated, and the Cluff Lake discoveries of the French Amok consortium.

The C$130m Cluff Lake development has been hanging fire because of environmental objections and concern felt about the safety aspect of uranium mining. This week, however, a public inquiry into the matter headed by Mr. Justice Bayda has recommended the development in a 1,050-page report.

It is thus believed that not only Cluff Lake but also all the other important uranium finds in the area will be permitted to go ahead subject to strict environmental and worker safety conditions. The news must provide food for thought for the potential Australian miners who are still waiting to go ahead.

Mr. Alan Blakeney, the premier of Saskatchewan anticipates a rich harvest of royalties from this major new industry. He reckons that it will take about four or five years before there is any substantial increase in royalty revenues from uranium mining, but over the next 13 years total income could soar into the region of C$1.5bn (£762m) to C$3bn. It is all very exciting, but it remains to be seen whether the environmentalists have been finally defeated.

Of other transatlantic news news this week, America's **Amax** minerals group is expecting a second quarter recovery after having been hit by the U.S. coal miners' strike in the previous three months. Over the full year the chairman, Mr. Pierre Gousseland looks for higher coal output by his group than in 1977 together with continued strong markets for molybdenum, oil and gas.

Speaking on the occasion of the group's listing in Frankfurt this week — Amax now has seven listings on European stock exchanges—he also waxed optimistic on the future for tungsten. Amax, he said, is "if not the first, the second largest producer of tungsten in the free world."

Meanwhile, the group is raising its stake in **Canada Tungsten** from 2.43m shares, or 48.6 per cent, via an offer of C$19 per share for a further 800,000 shares. But **Dome Mines**, which holds 1m shares, is not prepared to part with any of them.

Amax claims to hold the Western world's largest deposit of tungsten, situated in the Polar Circle. This has been kept "on ice," as it were, because of U.S. stockpile releases of the metal, but the stocks are being slowly reduced and Amax might start work on the Polar deposit "in a year or so."

The group's huge capital spending should ease over the next few years—it will still total an awesome $26bn over the next five or six years—and it is expected that pre-tax earnings will accelerate. Shareholders, which include London's **Selection Trust** with a stake of 8.3 per cent, may thus hope for a more stimulating dividend policy than has obtained in recent years.

● Among other news this week, the sharemarket uranium fever in **Anglo United Development** has cooled following a statement on the **Northgate** group company's prospecting in County Donegal. Four prospecting licences covering 72 square miles have been issued to the Irish subsidiary. But "a considerable amount of time will be required to thoroughly evaluate the economic significance of the radioactive zones."

● The best South African gold dividend this week has been an above-expected final of 250 cents (157.5p) from **West Driefontein** which makes a 1977-78 total of 385 cents against 280 cents. Disappointing has been the East **Driefontein** interim of 40 cents which goes against 35 cents last time and the subsequent final of 43 cents.

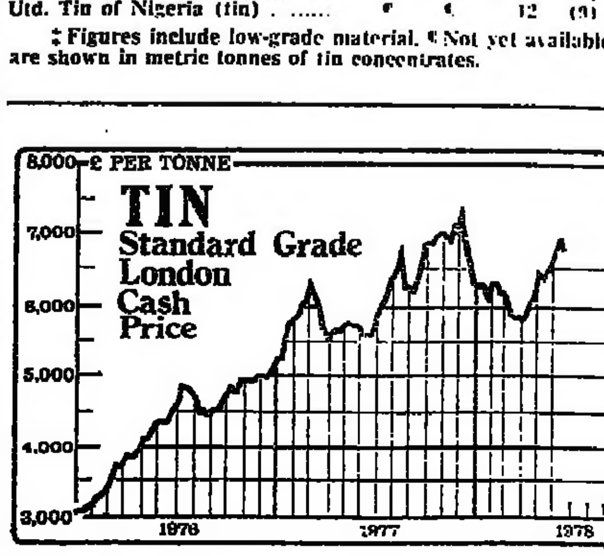
● Malaysia's **Sungei Besi** has returned to the dividend list with a payment of 39 cents (8.9p) after Malaysian tax but before UK income tax. The tin producer expects to maintain its higher production in the current year to March 31.

● Australia's **North Broken Hill** has denied that it intends to make a take-over bid for **BH South** in which a 16 per cent stake is held. Sharemarket pundits are torn between views that the Gold Fields group is a likely predator or whether the latter is more interested in acquiring the balance of its 53 per cent-owned Renison tin mine in Tasmania.

TIN OUTPUTS COMPARED

	May, 1978 tonnes	April, 1978 tonnes	Total to date (months) tonnes		Same period previous year tonnes
Amal. of Nigeria (tin)	¶	¶	2,020	(12)	2,517
Amal. of Nigeria (columbite)	¶	¶	217	(12)	174
Aokam	111	141	1,456	(11)	1,773
Ayer Hitam	279	175	1,636	(11)	4,033
Berjuntai	340	336	340	(1)	385
Bisichi Jantar (tin)	¶	¶	74½	(2)	79
Bisichi Jantar (columbite)	¶	¶	76½	(2)	80
CRM Sri Trimah	¶	¶	391½	(5)	405
Ex Lands Nigeria	24	28	132	(5)	133
Geevor‡	100	98	198	(2)	185
Gold and Base (tin)	¶	27	100	(4)	106
Gold and Base (columbite)	¶	1	1	(4)	2
Gopeng	139½	135½	1,122	(8)	1,269
Idris	18	11	84	(5)	137½
Kamunting	35	31	69	(2)	85
Kent (FMS)	¶	¶	102½	(1)	434½
Killinghall	42½	47	446½	(8)	490
Kinta Kellas	¶	4	500½	(12)	638½
Kuala Kampar	23	19	42	(2)	60
Lower Perak	31	29	31	(1)	26
Malayan	187	181	2,240	(11)	2,023
Pahang	142	132	1,462	(9)	1,692
Pengkalen	9½	7½	69½	(5)	139½
Petaling	179	177	825	(7)	617½
Rahman	89	103	860½	(11)	586
St. Piran—Far East	19	19	38	(2)	45
St. Piran—UK (South Crofty)	210	170	380	(2)	399
St. Piran—Thailand	81	84	165	(2)	197
Southern Kinta	151	136	287	(2)	309
Southern Malayan	137	159	1,815	(11)	1,991
Sungei Besi	147	148	295	(2)	286
Tanjong	11	18	87½	(5)	94½
Tongkah Harbour	29	21	295	(11)	555
Tronoh	220	208	1,043	(7)	897
Utd. Tin of Nigeria (tin)	¶	¶	12	(3)	29

‡ Figures include low-grade material. ¶ Not yet available. Outputs are shown in metric tonnes of tin concentrates.



Putting off the evil day

TAXATION

DAVID WAINMAN

WITHIN THE next month, we can expect the Inland Revenue to send out to taxpayers the greater part of the assessments which need to be made on dividend and interest income. It may be appropriate therefore to consider some of the matters to be borne in mind in dealing with these assessments.

The law requires that assessments be sent to the taxpayer. Those taxpayers who employ accountants or other agents to look after their affairs might wish that the assessment could be sent direct to the agent, in view of the need for prompt action. The Inspector of Taxes cannot do this, but it is a simple matter to arrange that he sends a copy of the assessment direct to the agent.

Dividends from UK companies are received, in effect, net after deduction of tax at a rate equal to the basic rate of income tax. To the extent that the recipient is liable to the higher rates of tax, and/or to the investment income surcharge, this further amount of tax must be collected by an assessment.

If the amount of income so assessed, or if the rates charged, are wrong then it is necessary within 30 days to "appeal," this being the only way in which the position can be kept open while the figures can be agreed. An appeal is the selfsame first step which is open to a taxpayer who wishes to dispute an assessment as having been made on something which is not taxable income, or as being excessive. The appeal body, the General Commissioners of Income Tax, is similar to a bench of lay magistrates. Their decisions are final on questions of fact—the quantum of income for instance. On matters of law, whether that income is assessable, it is possible to appeal to the High Court against their findings.

Clearly, in most cases the appeal made against an assessment on dividend income is not intended by taxpayer or Inspector to be brought to a hearing in front of the Commissioners. It is, as already mentioned, the only device available to a taxpayer to keep open an excessive assessment until the correct figures can be agreed. It is as well, however, to bear in mind that the Inspector of Taxes can set down an appeal for hearing, and that he will do so if he gets the impression that the taxpayer is using the appeal as no more than a delaying tactic.

Two sorts of delay will be in the Inspector's mind: one is delay in payment of tax. The other, whose effect as an irritant to the Inspector is frequently underestimated by taxpayers, is delay in submitting tax returns to enable assessable figures to be agreed. It needs to be recognised that higher authorities in the Revenue in judging the efficiency or otherwise of a particular Inspector, will not be unmindful of the numbers of returns outstanding in his district, the numbers of undetermined appeals and the volumes of unanswered correspondence. More rationally, Inspectors point out that extracting a taxpayers return from him, perhaps as his reaction to a dividend assessment, is probably the only way in which to discover whether a capital gains assessment is called for.

Coming back to the extent to which appealing against an assessment enables a taxpayer to stave off the evil day on which he must reach for his chequebook, the law was materially altered in 1976. If a taxpayer appeals against an excessive assessment, he may also apply formally for the mount of the tax charged which he considers excessive to be "postponed," pending agreement of his appeal against the assessment.

The Inspector has the same right to take an application for postponement in front of the Commissioners for personal hearing, if he thinks that it has been made only to delay payment. Assuming, however, that the Inspector assents, he writes to the taxpayer signifying this, and the "non-postponed" tax then becomes due for payment 30 days after the date of his letter.

Tax on dividend assessments is technically due on July 1 following the end of the fiscal year, or 30 days after the assessment if this is later. It is unlikely that the issue of the assessment, the appeal and postponement application, and the Inspector's assent would all take place so early that 30 days from the last mentioned was still earlier than July 1. One can therefore effectively say that 30 days from the assent letter becomes the revised due date for the tax not postponed.

The postponed tax is not due, except as indicated below, until 30 days after the appeal is determined. It is always possible that "determination" may be the end result of a hearing in front of the Commissioners, but in the very great majority of cases it is achieved simply by agreement of the figures with the Inspector. In this case, the law does require agreement, and it takes two to agree. Occasionally the letter from the Inspector to the taxpayer announcing that the latter has "agreed," may not fairly reflect what has really happened.

The sting in the tail of postponement is the charge for interest on tax paid late. If an assessment charged £500 tax, and the Inspector agreed to postpone £100, the appeal might well not have been determined by the end of the calendar year. No part of the £100 would therefore be due and payable at that time. Interest would nevertheless be payable from January 1 onwards on any amount of that postponed tax subsequently agreed to be eligible. Interest is charged at 9 per cent and is not deductible.

The Amahs make the pace as things begin to hum

HONG KONG

ANTHONY ROWLEY

HONG KONG, June 16.

BY regional and international standards, the stockmarket *here is well into a boom with* the Hang Seng index standing some 140 points or about 35 per cent above its end-1977 level, and with local and foreign funds pouring into the market.

The word "boom" has a special connotation in the Hong Kong market, however, conjuring up memories—painful for many of 1973 when the Hang Seng index reached dizzy and unsupportable heights of well over three times its current level of 545 and then collapsed.

Many of those who got their fingers badly burned then were small investors — "Amahs" Chinese servants and taxi drivers among others as well as London and other foreign institutions who were late getting in on the boom and late to recognise the bust.

Even so, the Amahs are reportedly trooping back into the stockbrokers' offices again with "baskets of cash" to invest in the market and the London and Continental institutions are shawing hardly less reticence.

At Ice House Street in the central business district here a publically displayed stockmarket index board is beginning to attract daily huddles of individuals again anxiously scanning the board to see what their hot-favourite counter is doing. And daily the local financial press screeches "boom" in its front-page headlines.

No one seriously believes that the Hang Seng index, widest-adopted of the various stockmarket barometers here, will reach anything remotely approaching the incredible level of around 1,770 where it peaked in March 1973. The ingredients for a repetition of that kind of superboom are just not there, analysts say. They talk of the market going to around 600 over the next few weeks and then consolidating.

Securities dealers argue that the current boomlet is soundly based: that Hong Kong enjoyed a real economic growth of 11.5 per cent last year and should come within a point or two of that in 1978. If those growth rates are much healthier than elsewhere the annual average inflation rate of around 5 per cent is a good deal lower.

Corporate earnings are presently showing an annual average growth rate of approaching one-fifth, and up to 25 per cent for some of the blue chip stocks. Average historic price-earnings ratios of about May 15 *look on the high side, but the* prospective earnings multiple is less demanding and average equity yields of around 4 per cent are attractive by savings and time deposit rates in Hong Kong.

On the basis of this scenario, share prices here still have a fair amount of solid, upside potential, analysts argue. Investors appear to agree although some observers quietly wonder why other South East Asian regional stockmarkets such as Singapore and Kuala Lumpur, where growth rates, balance of payments, reserves and inflation levels also look healthy are losing the limelight to Hong Kong.

With daily turnover on the four Stock Exchanges here averaging between HK$200m-HK$250m — of which the Far East Exchange enjoys about 45 per cent—that is still only a fraction of the several billion dollars a day level reached in 1973. Even so, it is around 20 times the level of a year ago.

Much of the local money has spilled over from the now "stagnant" residential property market where speculators who bought and sold developments made handsome profits which are not now being re-invested in the stock market. Following past patterns, the money first began to inflate the prices of blue-chips such as Hongkong Land, Hong Kong and Shanghai Bank, Jardine, Matheson, Swire Group, Wheelock Marden, etc., and then to benefit the prices of second- and third line stocks.

Another ingredient lacking for a repetition of 1973 (apart from a runaway money supply) is the glut of new issues—particularly of property and shipping stocks brokers would like to see new issues to broaden the base of the market, but listing requirements are (notionally) tougher now than they were five years ago. A spate of rights issues could be on the cards, however.

London jobbers have reportedly been caught short of Hong Kong stocks in the past few days after waiting for a market reaction which did not occur and which is not expected to immediately. Analysts say that foreign institutions have more sophisticated investment advice available here than they did five years ago, through the offices of UK brokers such as W. I. Carr, Vickers de Costa, Sebag, Cazenove, etc., as well as leading local securities houses like Sun Hung Kai. Japanese investment houses have also become increasingly active here of late. Whether prudence will prevail among these any more than among the gamble-loving Chinese remains to be seen however.

YOUR SAVINGS AND INVESTMENTS

An education tax

FRINGE BENEFITS

ERIC SHORT

AS PARENTS, you have an inalienable right to educate your children in the best possible manner and to spend money to achieve this. You may laugh, but this principle was given some support under Section 375 of the Income and Corporation Taxes Act 1970, which exempts scholarships from tax, and Section 45 of the Finance Act 1975, which exempts normal expenditure on education from Capital Transfer Tax.

But if you are a higher-paid employee, this expenditure has to come from your after-tax income, or from your hard-earned savings according to the latest move from the Inland Revenue. If relatives try to help out, they could be subject to CTT, and now if your employer helps out, you could face a tax liability on such payments.

This week the Inland Revenue announced that, as from Wednesday June 14, all scholarships awarded in the future by employers to assist in the education of children of employees would be subject to tax as benefits in kind under Section 61 of the Finance Act 1976. The Budget of that year was effectively a declaration of war against the use of fringe benefits and that particular Section supplied the ammunition to the Revenue. And many fringe benefit payments have come under attack.

But up to now the Revenue has refrained from taking action on scholarships provided by employers, on the grounds that Section 375 mentioned above stopped them. The past two years has seen a proliferation of educational trusts set up by employers. Many insurance brokers dealing in employee benefit provision have been instrumental in designing and administering such trusts. They claim to have taken Counsel's opinion before setting up such trusts.

In most cases these trusts have been available to children of all employees and certain educational standards have to be reached before any award is made. But naturally, it is the higher-paid employee who has tended to apply.

Opinion with the tax accountant is that almost certainly this decision will be tested in the Courts. But even so, does this action of the Revenue herald the ultimate demise of such assistance by employers? This is by no means certain: the ingenuity of the tax planners can usually find a way round moves of this kind.

The taxation of benefits in kind is complex, like most tax legislation, but the Revenue divides the population in two groups — directors and higher-paid and others. The higher-paid, by Revenue definition, are those earning £7,500 or more a year and this limit is revised periodically. The former class have fringe benefits taxed on the cost to the employer, others are taxed on its resalable value. Thus this move by the Revenue means that the higher-paid will pay tax on the amount of the scholarship award, whereas the lower paid will not be affected, since it has no value on the market.

It must be remembered that the £7,500 limit includes the value of all fringe benefits besides your earnings. Since fees are nudging £2,000 a year, the award of a scholarship could put you into the category of higher-paid. Where both husband and wife can apply for a scholarship with their respective employers, it may well be profitable for the wife to apply if she is earning less, and opt for separate assessment. But this Revenue decision could be challenged in the Courts so this may not be the final word on the subject.

Public stay away

OPTION MARKET

TERRY OGG

MERCHANT BANKS, institutions and private clients have shown some interest in the eight-week-old London traded options market, but the bulk of the business is between the professionals—the jobbers, the market makers and brokers exercising a discretionary control over their private clients' portfolios.

Brokers close to the market claim that it is still rare for a private client to initiate an options transaction, either writing or buying. The bulk of the private client money comes from either private client portfolios over which brokers exercise some discretionary control or as a result of transactions executed on a brokers' recommendation.

Market makers are still the leading writers of options although there has been some tentative interest shown by private clients. Institutions and merchant banks have been conspicuous by their absence. The individual investors writing options tend to have medium-sized portfolios with a market value in excess of £75,000 and a holding in three to five of the underlying stocks.

In general the private investors write between three and seven options in one or two of the underlying stocks they hold and rarely commit more than 70 per cent of their holding.

Institutions have shown interest in buying options although private client buying and in-house buying by brokers dominates. There has been little interest in secondary market buying and selling.

The main stumbling blocks are the tax problem; a difficulty getting bank guarantees by writers who wish to be "uncovered" but who don't wish to put up the required cash collateral, and a lack of liquidity.

The lack of liquidity is the greatest problem. Last Thursday a buying order for 60 Shell July 550 was placed. By midday only 20 had been bought. When the market first opened it took three days to clear a buying order for 40 contracts.

The initiators of the London options market are happy with their fledgling. They will continue to seek to have the tax position altered and they will encourage the clearers to issue guarantees. But they still have to boost liquidity. It will need an education programme or a reasonably sustained upwards movement in the underlying sharemarket. There is no spur like speculative profits to bring new people into a new market.

Enticing income

UNIT TRUSTS

TIMOTHY DICKSON

HIGH INCOME funds are often considered the bread and butter of the unit trust industry.

This implies that they may not be very exciting and yet, given the wide spread of equities and often significant preference share base, they are usually a sound investment. Reflecting this and the current demand for such funds—second only to the rush for North America—Gartmore has just launched an Extra Income Trust with an estimated gross starting yield of 9¼ per cent. Inflation is now well below 10 per cent, and according to the Government set to stay there until the end of the year. So the sort of returns you can now get from investing your capital for income look impressive compared with the increase in living costs.

What, though, are the specific advantages of a high income fund? First, your investment will give you a regular return which, depending on the fund manager's skill and the state of the stock market, should increase with time. Dividends from most high income funds have risen in the last year in terms of income per unit—Arbuthnot's Extra Income and Preference funds are notable exceptions but, according to the group, rapid expansion at the end of last year made it difficult to get the cash into the market.

Income rises of course, not only because of increased dividends from the shares in a portfolio and a higher yield but because the underlying value of the units improve. Capital growth then is a sometimes forgotten benefit of high income funds. In this respect the last year has been extremely good for these funds which often invest in good second line companies, many of which have done better than "blue chips" in the prevailing economic climate.

Many high income funds are geared up with a certain steady percentage of preference shares. It is well to find out exactly what that proportion is. Preference shares tend to have a yield advantage at the outset, but in a rising market they will drag down the underlying value of your units.

Income funds are a particularly good investment for the low or nil taxpayer. Dividends are always paid net, but they will be accompanied by a tax credit assessed at the standard rate. If you pay tax below this rate, or you don't pay any tax at all, you can reclaim the money from the Inland Revenue. If you pay at a higher rate, the credits can be used to offset part of that liability.

If you already hold units, incidentally, there is one reason why you might consider selling this year. Since April 1, 1977 (retrospectively from April this year) unit trusts have been paying a concessionary capital gains tax rate of 10 per cent. But up to March 31, 1979, unit holders will get a tax credit for the old rate of 17 per cent which can now be used if your gains do not exceed £5,000.

ENTICING INCOME

FUND	OFFER PRICE (pence) 14/6/77	14/6/78	% change	YIELD 14/6/78 %
Allied Hambro High Yield	57.1	74.9	31.0	7.9
Arbuthnot Preference Fund	26.1	27.3	4.5	12.1
Extra Income	101.5	112.8	11.0	11.3
High Income	38.2	44.0	15.0	9.1
Barclays Unicorn Extra Inc.	25.2	30.5	21.0	8.3
Britannia Extra Income	34.2	42.5	24.3	9.3
Chieftain High Income	37.0	44.2	19.5	9.3
Lawson High Yield	46.2	51.8	12.0	11.0
M. and G. High Income	83.7	107.5	28.0	8.4
S. and P. Income	40.2	45.4	13.0	8.8

Revealing the facts

INVESTMENT

ERIC SHORT

RARELY A week goes by these days without at least one major item emerging on investment trusts: a complete contrast to the situation existing a couple of years ago. Then the industry operated in a complete absence of publicity, with no one able to get even mildly enthusiastic over what trusts were doing or how they were performing.

But this week has been an exceptional one for news, even by current standards. The novel bid by Barclays Bank for the Investment Trust Corporation highlighted the investment potential of these trusts from a takeover situation. Then came the long awaited official year book* on the industry from The Association of Investment Trust Companies and the start of a monthly service of performance figures also from the association.

The association has over the past few years been endeavouring to get the investing public and institutions interested in the operations of investment trust companies, though the recent bids by the pension funds of the nationalised boards have created much more interest than the efforts of the association. But all efforts have been handicapped by a relative lack of knowledge concerning what the trusts offered as investment vehicles, how they were taxed, how they invested, and above all what they offered to investors in comparison with unit trusts. Now this book sets out to explain these features and many more to the general public.

The first section is possibly the most useful to the uninitiated, because it explains the functions of investment trusts with a minimum of technical jargon. I found the article on taxation lucid and the comparison between investment and unit trusts as investment vehicles very informative. If the book does stimulate interest, then there is an article on how to buy investment trust shares.

The second section lists the management groups in this sector together with the trusts in their stables. One important criteria in selecting an investment is to ascertain the quality of the management. This section will help in making that assessment.

The third section is the one that will interest the adviser as well as the individual investor, for it contains details of each trust together with comprehensive statistics on investment portfolios, history of share prices, asset values and dividend distributions. If the book had contained nothing else, it would still have filled a huge gap in the information available on the industry.

The final section contains details of performance by management group and the association intends this to be an ongoing exercise. The ability to measure the performance of one's investments is essential and a past history of performance is useful in reaching investment decisions. The specialist stockbrokers have published regular performance figures over a long period, but these figures from the association are available to all.

The investment potential of investment trusts was highlighted this week by Mr. George Stout, a deputy chairman of the Association and general manager of the Alliance Trust. He forecast that pension funds, with their huge cash flows, will force up the price of trust shares in their endeavour to acquire the underlying assets. Investors seeking to cash-in on this situation will find this book extremely useful.

* *Investment Trust Year Book from The Association of Investment Trust Companies, Park House (Sixth Floor), 16, Finsbury Circus, London EC2M 7JJ or from Fundex, Greystoke Place, Fetter Lane, London, EC4A 1ND Price £7.85 postage paid.*

Time to change?

YESTERDAY'S announcement of the latest Retail Price Index, showing inflation still well below 10 per cent, comes as welcome news to the economy. So it may seem churlish to point out that the return on the Index-Linked National Savings Certificates, Retirement Issue has droped steadily with the falling rate of inflation and now stands below that obtainable from other forms of investment. Since predictions are that the rate of inflation is not likely to return to double figures this year, it may well be opportune to consider switching investments, at least temporarily.

The benefits paid on these Retirement Certificates are free of all taxes, so switching is only worth while to investors who do not pay tax. But this is certainly the case with many holders of these certificates.

The certificates have given a good return up to now 51.6 per cent to those investors who bought at the outset in June 1975. But investors need to consider the expected returns in the future and here there is a case for switching. The National Savings Bank is paying 8.5 per cent on deposit accounts. A one-year investment in local authorities yields about 9.5 per cent, while more adventurous investors could consider the possibilities of high-income trusts mentioned elsewhere on this page.

If one reads the forecasts, the impression given is that the inflation rate could be rising again next year, so investors thinking of switching need to watch the economic scene quite closely. You need an investment which can be easily realised, and in this respect unit trusts need careful timing. But it is an opportunity to increase the return on your investments.

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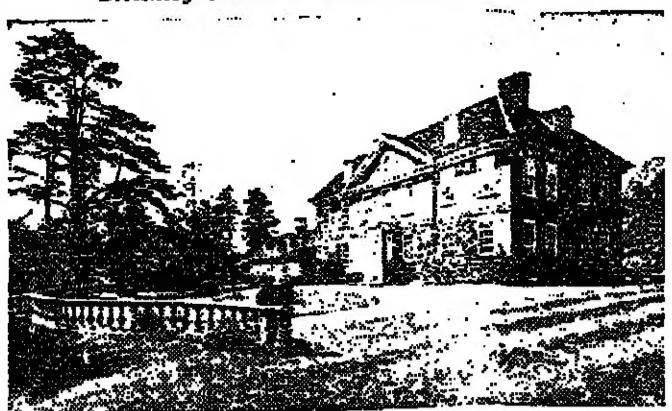

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PROPERTY

Attractions of associations

BY JUNE FIELD

HOW MUCH extra does the fact that someone with a known name has lived in the house put on the price? Quite a bit, I suspect, *looking through the current crop of "association houses."* And, of course, the attraction of being able to drop the names of such distinguished *persona* as the Poet Laureate, the Leader of the Opposition, and even a television medico obviously adds enormously to the *éclat* of a place.

Literary associations have a strong pull, whether they go with an actual property, or just the place. Prospective buyers desirous of living somewhere that inspired poems or books, would do well to invest in *The Oxford Literary Guide to the British Isles*, edited by Dorothy Eagle and Hilary Carnell (published by Oxford University Press, 1976, £3.95).

Entries range from Abbotsford, the home of Sir Walter Scott, to Zennor, the Cornish village where D. H. Lawrence and his wife lived in 1916-1917.

Or there is A Literary Atlas and Gazetteer of the British Isles by Michael Hardwicke (David and Charles, 1973), which contains 4,500 entries including one on Rudyard Kipling (1865-1936), poet and novelist, who lived between 1896-97 at Maidencombe, an unspoilt village three miles from Torquay in Devon. He wrote some of his best stories here, included in *The Day's Work, 1898.* The locals will tell you that he found Rock House, where he lived, rather dismal and depressing. The story goes that Kipling struck up a friendship with the little grand-daughter of the owner of nearby Langley Lodge, now called Langley Manor, and was given the freedom of the two-acre gardens, which gave him immense pleasure because of their beauty and tranquility.

Langley Manor is now for *sale at around £60,000-£70,000,* its setting as beguiling as ever, with a drawing room which has two Adam-style fireplaces and glorious sea views, four bedrooms and two bathrooms on the first floor, and a self-contained suite of three rooms and bath on the second floor. Full details Gordon Radclyffe, Betteswortbs, 29 and 30 Fleet Street, Torquay.

"Safe in a world of trains and buttered toast
Where things inanimate could feel and think
Deeply I love thee, 31 West Hill
At that hill's foot
did London then begin . . ."

John Betjeman wrote in *Summoned by Bells*. 31 Highgate West Hill, London, N.6, the childhood home of Sir John Betjeman, Poet Laureate, is being sold by its present owner, poet and writer Iain Hamilton. The house is one of a period terrace of five, known as the "Captains Houses," reputedly built for five of Admiral Nelson's retired naval officers. It has a small front garden, and there are four bedrooms and two living rooms. Chestertons, 26 Clifton Road, London, W.9, are asking *£65,000 for the freehold.*

Langley Manor, Maidencombe, 3 miles from Torquay, Devon, has superb views of the sea across its own grounds and through a wooded valley. Built in 1844 of local stone, the tranquil 2-acre gardens of the manor are credited as providing inspiration for Rudyard Kipling, when he stayed in the village. There are 6 bedrooms, 3 bathrooms, gas central heating, greenhouse, summerhouse and garaging for 3 cars. Betteswortbs, 29 and 30, Fleet Street, Torquay, are inviting offers between £60,000 and £70,000.

What price a blue plaque? *There is one on the front of* Peel Cottage, Peel Street, Campden Hill, London, W.8, recording that Sir William Russell Flint RA, lived there, and *offers* in excess of £200,000 are being sought by Knight Frank and Rutley, 20, Hanover Square, W.1. It is a unique house with a magnificent lofty galleried north-light studio, around 64 feet long, with a balcony at one end overlooking a pretty courtyard garden. A panelled library/study has built-in glass-fronted oak bookcases, and there are four bedrooms and two bathrooms, plus a s.c. housekeeper's flat.

How would you feel about living *in a charming mews cottage* owned by Mr. Neville Bywaters, senior consultant surgeon in the television series *General Hospital?* The name is, of course, an alias for actor Tony Adams, who is selling 109, Devonshire *Mews* South, London, W1, right in the heart of Harley Street doctor country. It will cost you £85,000 for the two-living room, two-bedroom, two-garage accommodation on a 900-year lease, through Knight Frank and Rutley.

The owner of The Mount, Lamberhurst, near Tunbridge Wells, Kent, bought the house from Leader of the Opposition Mrs. Margaret Thatcher. This mock Elizabethan-style property built in the 1930s will set you back £120,000, and for this you get a grand entrance porch constructed of old timbers with heavy oak-studded mitre doors, fine galleried Great Hall with oak parquet floor, brick chimneypiece with seats, lofty timbered ceiling and old oak joists, oak panelling, fine carved oak staircase, dining room, drawing room, recreation room, eight bedrooms, three bathrooms, and five acres of grounds which include two orchards, a dell and spinney. Agents Bernard Thorp and Partners, 1, Mount Ephraim Road, Five Ways, Tunbridge Wells, Kent, *in conjunction* with Knight Frank and Rutley.

Patrick de Laszlo, *son of the* painter, and chairman of the Association of Independent Businesses, formerly the Smaller Business Association, is selling his home, Wonham Manor, set in 72 acres near Betchworth, Surrey. The price tag of £1m includes all the contents. It's a magnificent castellated and turreted Georgian-Gothic house, built about 1787 by the Hon. Charles Marsham, later Earl of Romney. For your money you get a reception hall, 4 living rooms, picture gallery/ballroom (the paintings are not included in the price), 9 bedrooms, 8 bathrooms, plus a pavilion wing with a sauna, party room, 3 more bedrooms and a bathroom. Three cottages, 2 lodges, 8 stables, garage block, hard tennis court, and over 2,500 ft *of frontage to the river Mole* complete the package. Agents Knight Frank and Rutley.

Friendly Hall, St. Lucy, Barbados, elegant and historic 18th century plantation house in 20 acres, is in a high, cool position with commanding views across the Caribbean. The ¼-mile sea frontage leads directly down to the unspoiled Maycocks Bay with its superb sandy beach and marvellous swimming. There are 4 bedrooms, and 3 bathrooms. Illustrated brochure from the owner, who is asking in the region of U.S.$250,000.

Caribbean tales

THE GARDENS at Friendly Hall, St. Lucy, Barbados, run down to the cliff edge, with the sea and superb sandy beaches of Maycocks Bay some 75 feet below. Sitting on the small terrace at the very edge, I was told the sad tale of the young girl who threw herself down to join her waiting lover all those feet below because her stern father, a former occupier, would not let her marry. The present owner, who is selling the 18th century *coral stone plantation house, has a fund of historical associations* to relate of this gracious hideaway in 20 acres of tropical gardens rich in Flamboyant, Frangipani, and Pride of India, plus palms, paw paw and Hog plum. (Watering is no problem as there is an automatic sprinkler system.) The tastefully decorated house, fully modernised, has a long cool verandahed living-room and terrace, a dining room with a Welsh quarry-tiled floor (tiles used to be carried to Barbados on sailing ships as ballast), and French doors leading on to an old walled patio full of orchids. Off the panelled mahogany staircase are four bedrooms, three bathrooms and a study. The price is around US$ 250,000, and serious inquirers should write direct to the owner at Friendly Hall for an illustrated brochure.

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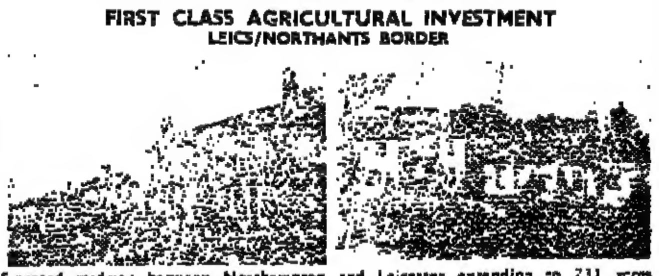

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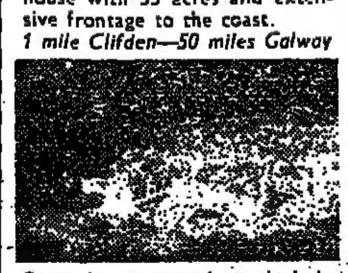

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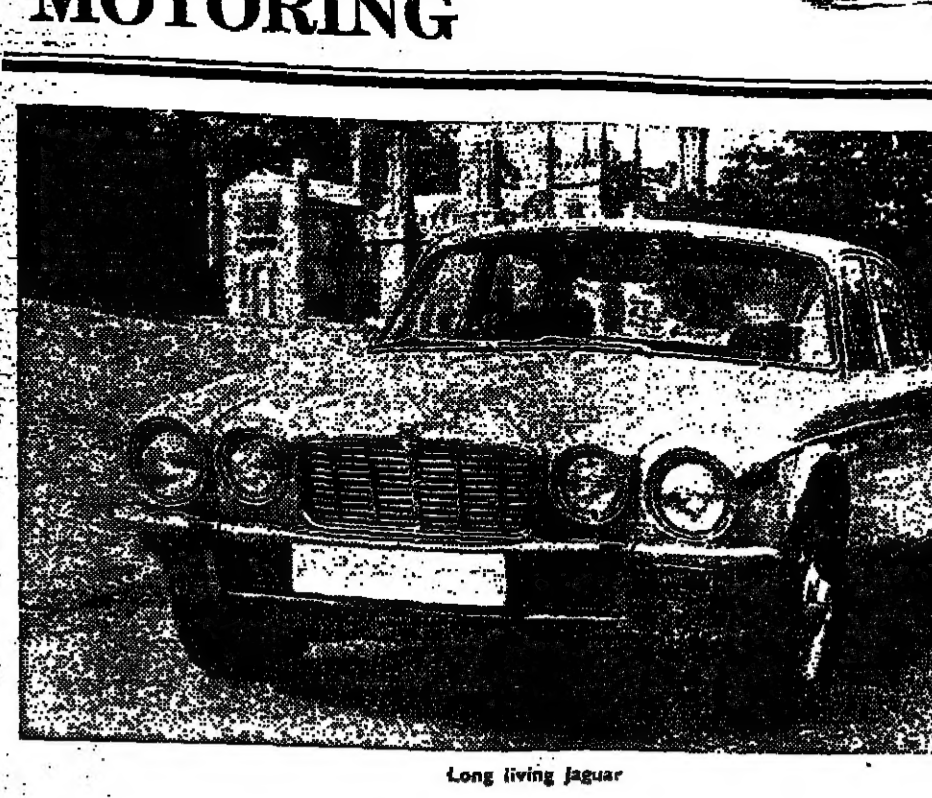


Long living Jaguar

Age and beauty

BY STUART MARSHALL

CAN IT really be 10 years since the Jaguar XJ6 burst on the motoring scene and became the sensation of the 1968 Motor Show? It sold at less than £1,800 with a 2.8 litre engine and manual transmission; even the 4.2 litre automatic was just under £2,400.

The motoring world has changed beyond recognition since then, but the Jaguar XJ hardly at all from the outside. The 2.8 engine was dropped five years ago. Some interior restyling has brought the Victorian sideboard-type facia into line with safety requirements, though there is still enough woodgrain to please traditionalists.

Now there are only two six-cylinder Jaguar saloons, the XJ 3.4 and XJ 4.2. You can have them with manual gearbox plus overdrive working only on top gear, or automatic transmission, for the same price—£9,230 for the 3.4 litre, £9,753 for the 4.2, which comes complete with things like leather seats that the smaller-engined car lacks.

How does this 10-year-old car measure up to its price-class rivals from overseas? Really, very well indeed. The ride quality is still quite outstanding. You can pay twice as much money for a car and still not be so effectively insulated from the road surface.

The Jaguar's soft all-independent suspension and Dunlop textile-belted 70 series radials were literally made for one another. Together, they smother the bumps and stifle road noise more effectively than any other car/tyre combination I can think of, bar two. Those are the Peugeot 604 on Michelins, and the BMW 733i on a set of Pirelli's miraculously good P6s I tried in Milan a week or two ago. The Pirellis are not yet generally available for the BMW but are likely to be later in the year.

The quiet ride of the Jaguar is not quite matched by its mechanical refinement. Or perhaps it was the silent way it rolled over the road that made me more aware than I might have been of a little gear noise and a soft groan from the overdrive.

If you push the engine up to high speeds in the gears, it begins to sound harsher than one expects of a top executive car. But at a motorway cruise there is absolutely no cause for complaint. The gearshift is notchy and the clutch quite heavy, with a disagreeably long pedal movement. BMW, even Datsun with their 280C, do things better. The brakes, though, are splendid.

And the power steering, though fine for twirling effortlessly in and out of parking bays, has too much assistance and not enough feel for me.

Inside, the Jaguar still conveys a subtle, almost nostalgic, impression of quality that eludes some of its competitors. It feels somehow heavier and more solid. The windscreen is a bit shallow by today's standards and I am not sure I liked the black sun-visors set into a pale roof lining. The velour upholstery was nice to sit on during the recent hot weather but the ventilation was poor. Unless you are prepared to have the noisy fan on full blast or to open a window, the XJ 3.4 gets unpleasantly stuffy in town.

Air conditioning (not listed as a factory-fitted option on the 3.4) is, of course, the answer. The £806 system available on the 4.2 is one of the best there is.

Outwardly, the styling is no longer fashionable but the Jaguar still looks graceful and well-balanced, but the long, low tail means that the boot, with a fat tyre under the floor, is shallow.

Petrol consumption can be surprisingly good. Driven gently on a run with overdrive used as much as possible, the Jaguar will approach 30 mpg and the official constant 75 mph consumption is 24.4 mpg. The automatic is 4 mpg thirstier except in town, when its 14.8 mpg compares with the manual car's 13.8. But my choice would always by the automatic. After all, if the firm will stand a near £10,000 car, an extra couple of pounds worth of petrol each week is neither here nor there.

The big question mark that hangs over Jaguars is their reliability. Many business motorists justify a switch to imports by saying that, above all, they must have a completely dependable car. There is, I think, an element of defensiveness here. A decision to purchase a dearer and outwardly less opulent import has to be explained away.

But how reliable is the average Jaguar in a business user's hands? I shall be glad to report readers' experiences, good and bad alike.

Testing the theory and the fact

DENVER, Colorado, June 16.

GOLF

BEN WRIGHT

GOLF IS so much a mental game that the players are being conditioned by what they say, and this is translated into print before the event with ridiculous regularity. Before the 78th U.S. Open Championship began here at Cherry Hills Counry Club, most of the notable players said that Arnold Palmer's winning score of 280, four under par, in 1960, when he won his lone U.S. Open title on this golf course, would be devastated. Going into today's second round, only four players have beaten par, and the field is reeling, shell-shocked, at the scores that have been compiled.

Hale Irwin was born less than 50 miles from the golf course, knows exactly what is required at an altitude of over a mile above sea level—the ball flies an average 7 per cent further—to put together the exceptionally professional and workmanlike round of 69, one would have expected of him in any first round. The bespectacled U.S. Open Champion of 1974 is such a fierce competitor that no one counts him out of any major event. Yesterday he played conservatively and that was all that was required.

Shortly after mid-day, he was able to say that his score would hold up until the last players came in shortly before 9 o'clock. Irwin knows that when the temperature in these parts soars into the middle 90s, with almost no humidity, a gusty wind will break out in late afternoon. He was not disappointed.

His round gave him a one-stroke lead over an 18-year-old amateur, Bob Clampett, from Carmel, California, a freshman at Brigham Young University, who weighs only 10 stone, and touring professionals Andy North and J. C. Sneed, who are at one under par 70.

Bobby Wadkins, the younger of the two brothers, scored a hole in one on the 208-yards 15th hole on his way to an even par round of 71 which was matched by the twice former winner of the U.S. PGA Championship, Dave Stockton, former Open champion, Billy Casper, Gary Player of S. Africa—seeking his second modern Grand Slam—Al Geiberger, Phil Hancock and Bill Brask. Peter Oosterhuis pulled his game together as he always seems to do for the big occasion to be in a group of six players at one over par 72 which also includes the winner of the last two tournaments, Andy Bean and the ante-post favourite, Lee Trevino, who was forced to play late in the day when the wind was at its freshest, swirling about among the trees, and the greens were baked to a crust and as fast as putting on a marble staircase.

The 1975 Open champion, Jerry Pate and Jack Nicklaus are among the group at 73, Tom Watson recovered after an outward half of 40 to be among those at 74, Spain's invitee, Sevi Ballesteros, is among those on 75, as is the Australian Graham Marsh, while the defending champion, Hubert Green, is alongside the great Palmer at 76. These two are by no means out of things, since they are easily in the top half of the players that will be decimated when the axe falls this evning, and only 60 and ties will remain for the final two rounds.

Among those who appear to have too much to do are Tom Weiskopf (77), N. Crenshaw, Johnny Miller and Bob Shearer, who all scored 78. Australia's David Graham's case appears to be hopeless at 79.

The championship was remarkable for many things, apart from the high scores in weather conditions that were as perfect as anything I have ever sen. This lovely golf course was bathed in the most brilliant sunlight imaginable with the snow-capped peaks of the Rocky Mountains forming a glorious backdrop.

Palmer and Ed Seay had re-designed and lengthened the course since the former won in 1960. Ralph Guldahl was the other winner of the U.S. Open at this club in 1938. Their alterations were not supposed to make any difference to the skilled practitioners of the modern era, but the USGA have done a marvellous job in persuading the home club to fertiliser their rough to monstrous proportions — although totally fair and even —and the weather has done the rest in speeding up the greens.

Most of these are tiny targets if aimed at from the narrowed fairways, and not even in range when the players catch the rough, as many of them did yesterday even with long irons from the tee. Most players only used the driver a handful of times. In fact, Ballesteros used his five times and will choke down to three today—having decided to use the club only at the three par 5's.

Irwin started by dropping a stroke to par at the 1st hole because at this stage he had not got full control of the adrenalin flow. He hit a four wood from the tee at this 399-yards par 4 and came up short with his eight iron.

Birdies at the 3rd, 6th and 7th holes with putts of 12, 25 and 30-foot set him on his way, and he is such a marvellous competitor that thereafter he concentrated on guarding his score.

He chipped within inches of the hole, having played his tee shot through the green at the 229-yards eighth. He got up and down from in front of the green at the par 5 10th and from behind the putting surface at the 12th.

The 550-yards 17th hole is a real eye-catcher in that the green is an island in the lake that runs all the way down the left-hand side of the 18th. Irwin drove 300 yards here and was forced to lay up short of the water with a wedge. He told me afterwards: "I had 240 yards to go and could have reached the green with a three wood. But I felt it would have been a foolish gamble to go for it."

This is why Irwin is in the driving seat as the second round starts today.

Packer problems still with us

CRICKET

TREVOR BAILEY

AFTER PAKISTAN had been soundly beaten in the first Test at Edgbaston, there were shouts from their disappointed spectators of "Bring back the Packer men." This was understandable because they had seen their side outplayed in every department by an England XI which apart from its seam bowling and fielding, was far from outstanding. They knew that it would almost certainly have been a very different story if Majid Khan, Imrin Khan, Zaheer Abbas, Asif Iqbal and Mushtaq Mohammed had been included, as this talented quintette knew our conditions. Imran is a world class all-rounder and Majid, and probably Zaheer, are world class batsmen.

Incidentally, it would also have made for a more entertaining contest and their absence has devalued, if not debased, the whole series.

The chances are that unless rain comes to their aid, and already one day has been lost, Pakistan will go 2-0 down at Lords and their many followers living in this country will feel even more aggrieved. What most of them cannot understand is why Imran, Zaheer and Asif are allowed to do noble deeds for their adopted counties, but not for their country. They are not interested in the ICC, the TCCB, the Pakistan Board of control, Kerry Packer, or cricket politics. All they want to see is their best team, which, on the last tour, promised so much that it might by now have developed into the strongest in the world after the West Indies.

England have also suffered losses to the Packer set-up, but these have largely been camouflaged by the welcome presence of a number of exciting young prospects, Gower, Botham, Edmonds, Miller and Gooch and the sub-standard opposition.

However, it continues to provide problems in our domestic, if not our international cricket. Nowhere is this more apparent than in Kent, one of the strongest, best supported and, for the past decade, the most productive nursery in the country.

The Kent committee appreciated the threat that the Packer World Series posed to international cricket on which the counties and the game are so dependent. They knew, following the High Court judgment after the TCCB had made the mistake of going to law, that they had to employ their Packer players this summer. They therefore offered Derek Underwood, Asif Iqbal and Bob Woolmer one year contracts—Warwicks did likewise with Denis Amiss—presumably with a view to dispensing with their services at the end of the season, as otherwise there was no point in stressing the length of the contract.

The Kent committee were convinced that they had acted in the best overall and long-term interest of the game, although they may have been impetuous. However, unless all the other counties adopt the same approach, they could well be heading towards a major row with their members, which would include all the unpleasantness, the bad publicity and the cost of a special general meeting, unless they change their policy at the end of the season.

If I was a member of Kent, I would be saddened by the prospect of losing players of the quality of Underwood, Asif and Woolmer next year, not to mention Knott, who rather conveniently decided to retire.

They cannot be replaced overnight and therefore my team would be less attractive and successful, but I would probably be prepared to accept it, providing all Packer players were excluded from domestic competition.

What would upset most Kent supporters, and certainly all those, including committee men with whom I have already discussed the matter, is, if next summer Kent minus their Packer contingent, were thrashed by a county who was still including their Packer stars and, to add insult to injury, had been strengthened still further by the acquisition of a Kent reject, say Derek Underwood!

This situation, which could occur because some clubs are committed to the retention of their Packer men, would not only weaken Kent, and reduce interest, but would be blatantly unfair to the cricketers concerned.

Apart from being a model professional, Derek Underwood has provided exceptional service for Kent and England over the years. Unlike many international players, he has never regarded county matches as unfortunate chores to be taken for money, between the glamour of the Tests. He has always loved playing for Kent and invariably given his best. He possesses a greater affection for his county than any imported mercenary, Barry Richards and Hampshire for example?

Underwood's bowling could well prove largely responsible for Kent gaining further honours this summer. If the committee should then dispense with his services, while Gloucester, for example, retain both Procter and Zaheer, it would be blatantly unfair, as it would mean that they were treating for the same offence the Englishman, by not re-engaging him more harshly than a South African and a Pakistani. He might well have a good case if he does well this summer of claiming wrongful dismissal under industrial law.

This situation would never have occurred in the past because, apart from the Packer circus being an essential modern concept, the counties now seem less able to work in unison.

Only this season there was the sad spectacle of two clubs Notts and Lancs, trying to bar Sussex from the championship. In this atmosphere it is difficult to believe that there will be continued action against Packer players. I suspect that this lack of harmony is to some extent due to the extra money to be found as a result of sponsorship and the added pressure to win trophies.

A new breed of committee men are becoming increasingly common. They are more concerned with the success of their own county than the game. In other words, they are becoming closer to football club director than cricket administrator which is to be regretted.

CHESS

LEONARD BARDEN

CHESS IS flourishing on Britain's offshore islands. There are annual Jersey and Guernsey festivals, and now plans for an inter-island league played by telephone and sponsored by Lloyds Bank. Anglesey, the Isles of Man and Wight, Orkney and Shetland, Guernsey and Jersey are all expected to take part, but the organisers would like to contact a chess club in Canvey Island, Sheppey, the Scilly Isles or the Western Isles to make up an even number. Any offers?

Jersey and Guernsey, who compete with a joint team in the biennial chess olympiad for the world championship would be favourites to win such a league. The latest Jersey congress, sponsored by Lloyds Bank and held in April this year, attracted the usual strong entry and was won by David Parr, son of the London Stock Exchange's best player, with 13-year-old Nigel Short sharing second place.

Guernsey's fourth annual festival will be held from October 15-21, sponsored by Hambros (Guernsey) and Guernsey Tourism. Besides main prizes of nearly £1,000, there are special awards for veterans and ladies, together with daily excursions and a problem-solving competition.

These island tournaments have gained an excellent reputation as cosmopolitan events suitable for players of all strengths, and both Guernsey and the next Jersey festival scheduled for May, 1979, should be worth a visit. A brochure with full details of the Guernsey congress is available from The Secretary, International Chess Festival, PO Box 23, St. Peter Port, or phone 0481-56848 in the evening.

Nigel Short's success in Jersey—he lost only to Parr, the winner—shed some incidental light on an opening variation which has been previously discussed in this column and has provoked a good deal of argument among readers, some of whom question whether White's two knights and a bishop can outweigh Black's queen and two pawns in a critical line.

White has usually come out on top in practical play until now, as shown in this week's game and notes; but the debate is far from over.

White: Nigel Short. Black: D. Sikkel (Holland). Opening: Modern Defence (Jersey, 1978).

The opening moves were 1 P-K4, P-KN3; 2 P-Q4, B-N2; 3 N-QB3, P-Q3; 4 B-QB4, N-KB3. 5 Q-K2, N-B3.

Earlier articles here analysed 5...P-K4; 6 PxP, PxP; 7 B-KN5, or 5...P-B3; 6 P-K5, PxP; 7 PxP, N-Q4; 8 B-Q2 followed by 0-0-0 or finally 5...0-0; 6 P-K5, PxP; 7 PxP, N-K1; 8 P-B4, P-QB3; 9 N-B3, B-N5; 10 B-K3 as all favourable for White.

6 P-K5, N-KN5.

The three pieces for the queen and two pawns line is 6...NxQP; 7 PxN, NxQ; 8 PxB, R-KN1; 9 KNxN, RxP; 10 B-KR6, R-KN1; 11 0-0-0, when White can use his pieces to break down the pawn barricade, e.g. 11...P-K4; 12 P-KR4, B-K3; 13 BxB, PxB; 14 N-K4, K-Q2; 15 B-N5 followed by N-B6 ch, or 11...B-K3; 12 B-Q3, Q-Q2; 13 N-Q4, 0-0-0; 14 KR-K1, K-N1 (if B-B4; 15 B-QB4, P-K3; 16 P-B3 intending P-KN4); 15 B-QN5, P-B3; 16 B-R4, P-QN4; 17 NxB, PxN; 18 B-N3, P-Q4; 19 B-B4 ch, K-R1; 20 N-K4.

Since 6...N-Q2 fails to 7 N-B3, PxP; 8 BxP ch, Black's only reasonable moves are the text and 6...N-KR4; 7 P-KN4, NxQP; 8 Q-Q1, BxNP with unclear complications after both 9 QxB, NxP ch and 9 QxN, B-B4.

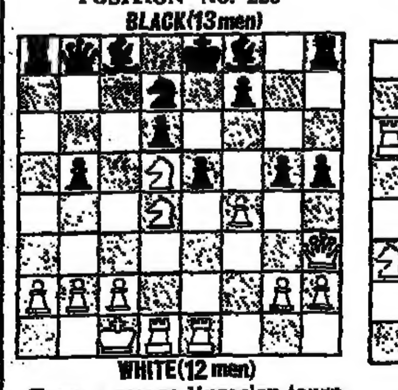
7 P-K6? In two games where Botterill, the British champion, was Black, White played the pawn sacrifice 7 N-B3, PxP; 8 PxP, KNxKP; 9 NxN, NxN; 10 B-N3, N-B3; 11 B-K3, N-Q5; 12 BxN, QxB; 13 0-0 with attacking chances. The more forcing move in the present game should be met by 7...P-KB4; 8 P-Q5, N-Q5; 9 Q-Q1, P-B3! undermining the centre.

7...NxQP? (now Black has an inferior version of the 6...N-KR4 line, and White quickly gets on top); 8 QxN, NxP ch; 9 K-Q1, NxR; 10 PxP ch, K-B1; 11 Q-R4, P-Q4; 12 B-Q3, B-K3; 13 N-B3, BxP; 14 R-K1, P-Q5; 15 B-KN5! (White wastes no time capturing the knight but exploits his advantage in development), B-B3; 16 N-K4, BxB; 17 N(4)xB; BxP, 18 NxP ch, K-N1; 19 RxP, QxR? (resignation, for Black will soon be a piece down. He had to try B-B2); 20 QxQ, RxN; 21 Q-R3, B-Q4; 22 QxN, BxN ch; 23 PxB, RxP; 24 Q-R2 ch, K-N2; 25 Q-K6, R-N7; 26 Q-K7 ch, K-R3; 27 Q-R4 ch, K-N2; 28 QxP ch, K-R3; 29 Q-R4 ch, K-N2; 30 K-K2, R-N8; 31 Q-K7ch, K-R3; 32 Q-K3 ch, K-R4; 33 Q-K5 ch, Resigns.

If K-R3; 34 Q-R2 ch, or if R-N4; 34 Q-R2 mate.

POSITION No. 220

BLACK (13 men)

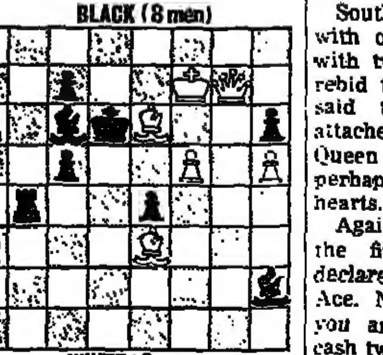


WHITE (12 men)

From a recent Yugoslav tournament: White (to move) sacrificed a piece to reach this position, but the king's file is barricaded and Black threatens to unscramble his pieces by Q-N2. How should White continue his attack, and does he have enough compensation for his material?

PROBLEM No. 220

BLACK (8 men)



WHITE (8 men)

White mates in two moves, against any defence (by W. A. Shinkman).

Solutions, Page 12

BRIDGE

E. P. C. COTTER

SOME CONTRACTS played with a trump suit need no real expertise beyond drawing the trumps and cashing the established winners, some require the taking of elementary precautions, and some demand more advanced technique from the declarer. Two hands played by friends of mine, both excellent players, teach useful lessons.

The first from an average rubber was dealt by South:

N.
♠ 5 3
♥ 6 2
♦ A K 9 7 6 4
♣ A Q 4

W.
♠ A Q 10 8
♥ 9
♦ J 3 2
♣ J 10 7 5 3

E.
♠ K J 4
♥ J 10 5 3
♦ 10 8
♣ K 9 8 2

S.
♠ 9 7 6 2
♥ A K Q 8 7 4
♦ Q 5
♣ 6

South opened the bidding with one heart, North replied with two diamonds, and South rebid two hearts. When North said three diamonds, South attached some value to his Queen of that suit and jumped, perhaps optimistically, to four hearts.

Against four hearts West led the five of clubs, and the declarer won with dummy's Ace. Now many declarers, as you and I well know, would cash two high trumps, learn the bad news of the 4-1 split, and then turn their attention to diamonds. If East happened to hold three diamonds, they would get home—a thoroughly undeserved piece of good fortune.

On this occasion such misplay would have met with merited retribution, but the declarer produced the expert technique to protect his contract. Seeing that a 4-1 split might cause insurmountable difficulties, he insured his contract by the simple expedient of ducking one round of trumps. The opponents could cash two spade tricks, but dummy would still have a trump to prevent the cashing of another.

West won, and alerted by this trump play made his spade Ace and led another spade to his partner's King, thus saving two overtricks.

This was the second hand:

N.
♠ 10 8 5 4 3
♥ A K J 3
♦ 8
♣ K 8 4

W.
♠ J 7 2
♥ 2
♦ 9 7 4 3
♣ J 10 9 5 3

E.
♠ 9
♥ Q 10 9 8 6
♦ A Q J 5 2
♣ 6 2

S.
♠ A K Q 6
♥ 7 5 4
♦ K 10 6
♣ A Q 7

West dealt with neither side vulnerable, and after two passes East tried with one heart. My friend in the South seat bid two spades, most unorthodox, but the kind of bid his present partner would employ—he had decided to pay him out in his own coin. North now made the excellent response of three hearts, which put South on the spot. He could think of nothing better than four hearts, and when North bid five spades, South carried on to six.

The two of hearts, an obvious singleton, was taken by the Ace, and trumps were drawn in three rounds. There was only one hope—a red suit squeeze against East. For this to succeed East must hold not only the diamond Ace but the Queen and Knave as well.

Crossing to the club King, South led the diamond singleton, and East won with the Ace. A club was returned to the Queen, and the declarer led a spade to dummy's eight, and cashed the ten, discarding a heart from hand. In the four-card ending East had Queen, ten of hearts and Queen, Knave of diamonds. A club was led from the table to the declarer's Ace, and East was squeezed. He let go the diamond Knave, South cashed his King, and the ten was his twelfth trick. North said archly: "You love that play, don't you? But you could have ruffed the diamond on the table." South had no adequate reply!

Funds of art

PENSION FUNDS

ERIC SHORT

ACQUIRING WORKS of art can be a very poiltable pastime besides being aesthetically satisfying. The value of many such items has kept pace with inflation over the past couple of decades. Anyone buying a picture or a rare piece of china has seen the value of this part of his assets maintain its value in real terms, the pleasure of owning the work of art being additional profit.

If it is a good investment for individuals in hedging against inflation, then it must be a good investment for pension funds. This is the line of argument taken by the trustees of British Rail's pension funds. The investment managers embarked on a programme of investing in works of art a few years ago, a move that has aroused considerable controversy both within and outside BR. Yet the publication this week of 1977 report and accounts of the funds shows that the trustees are unrepentant. They invested a further £4.6m last year making a total of £12.7m.

But having taken this course of action, the funds are not rushing out and buying every item being offered to them, a feature usually attributable to the nouveau riche (and pension funds of Nationalised industries can be described as that). They have decided to act as responsible collectors being extremely discerning in what is acquired.

The investment managers are advised by Sotheby's, a name with a very high reputation. But they have taken great pains to ensure that the expertise provided by Sotheby's does not conflict with Sotheby's role as auctioneers. The managers can now justify employing a full time works of art manager who is not a Sotheby employee.

Mr. Christopher Lewin, the controller of corporate pensions and chairman of the works of art sub-committee, points out that every purchase proposed by the Sotheby expert has to go through three separate stages of approval by different groups of people before it can go ahead. A good case has to be made out or the purchase will not go through. The policy, he says, has always been to reject an item if there is any doubt and to date more than one-third of all items suggested have been rejected at one stage.

The managers are endeavouring to build up collections in a number of different sections of the art market, following the path of the "true" collector and not simply buying any piece that by itself looks a good investment.

LEISURE

Storks, music and fringe benefits

Bulgarian folk festival

TRAVEL

SYLVIE NICKELS

IT WAS April, and tobacco-planting time in the valleys beneath Rila mountain. Its gleaming white peaks, reaching to 2,925 metres, made a splendid backdrop to the women gossiping over their work in the tobacco fields near the village of Kocherinovo. Storks were nesting on the village roofs and sheep nudged among the spring grass. We were on our way to Rila Monastery, founded in the 10th century, largely re-built after a fire in 1833, and among the most dramatic sites in the Balkans.

About 900 miles of driving around Bulgaria on that recent occasion confirmed earlier impressions: this chunk of East Europe wedged between the Danube and the Black Sea has the spice of variety. Expanding tourist amenities, combined with various concessions, have also made it one of the better and more flexible travel bargains or the late 1970s, especially for motorists and families with children. A bonus of 50 per cent on the official rate of exchange applies to all tourists (not businessmen or private visitors) using the services of Balkantourist, the main operator of accommodation and other tourist services in Bulgeria.

Visitors making pre-paid arrangements through a UK travel agent gain considerably in terms of concessions and reduced formalities. To begin with you will be exempted from the need to obtain a visa, which otherwise costs £7.40 from the Bulgarian Embassy.

You will also pay less for your hotel and, if you are a motorist, gain the benefit of 50-150 litres of free petrol, according to the length of your stay. This presupposes you have booked full board at Balkantourist or Shipka hotels, two main groups of State-run accommodation. If you are worried about the potential rigidity of this scheme this is overcome by a system of meal vouchers which enable you to eat in any Balkantourist restaurant throughout the country. In all resorts and towns, these include some very charming folk restaurants, sometimes offering traditional music and dances.

For family holidays, the obvious focal points are the resorts of the Black Sea coast, where the Bulgarians have made more effort than many to cater for their youthful visitors. At the resorts of Slunchev Bryag (Sunny Beach) and Albena, children between 2-5 years get a 75 per cent discount all the year, and at Sunny Beach there's a free baby sitting service up to midnight (small charge at other times or at other resorts). With its gently sloping sands and wide variety of sports and entertainment amenities, this is a good centre for the young, though seekers of local culture may find the network of modern hotel complexes a little limiting.

Indeed, the earliest of the coast's tourist facilities date from the late 1950s and most of them from much later. Otherwise there are the busy ports of Varna and Bourgas, and historic little pockets such as Nessebur, which is packed with lovely old monasteries from medieval and earlier times, or the fishing village of Sozopol whose narrow streets and old houses attract the artist set.

Of the three other major resorts, Zlatni Pyassatsi (Golden Sands) is notable for its mineral springs, Albena for its exotic modern architecture, and Drouzhba for its Swedish-built Hotel Varna, undoubtedly the best in Bulgaria: fully equipped for all kinds of balnealogical treatment (an abortive search for oil in 1947 led to the accidental discovery of the mineral springs), it is highly sophisticated in all its appointments. It is also the only hotel in Bulgaria with a private beach.

For Bulgarian history, which is plentiful and sanguinary (the Turks ruled, suppressed and oppressed for half a millenium here), you should head inland into such mountains as the Balkan range or the Rhodopes, or such depressions that separate them as the Thracian Plain and the Valley of the Roses. The latter is at its most magnificent in May, though at other times flourishes with fruit and lavender. At Kazanluk there is a Museum of Rose Production (e.g. three tons of rose petals equals one litre of rose oil) and near here a beautiful Thracian Tomb from the 4th century BC which should certainly be seen.

Among the inland towns, Veliko Turnovo, once the capital, and the older districts of Plovdiv, site of the big international trade fair in September, are well worth some gentle browsing. Gabrovo is very industrial, but five miles away at Etur is a charming open air museum of original houses grouped along a mountain stream where all kinds of crafts are kept alive. The countryside in most areas is especially rewarding for its scenery and slow pace.

I liked Sofia, too. At first glance it seems rather overwhelmingly recent until you look, almost literally, under the surface. There you find delightful scenes, such as 14th century St. Petka Samardjiyska, an oasis of calm beneath the traffic of Dondukov Street; or 5th century St. George Rotunda, crouching in the courtyard of the Balkan Hotel; or a cobbled Roman road and foundations in an underpass just in front of Communist Party HQ. St. Sophia Church itself is a restored and gradiose shell from the 6th century, Alexander Nevsky Memorial Church a glittering representative of the early 20th.

It's also a city of light traffic, green spaces, good concerts and opera, and quite a lively restaurant-and-café life. And, as for most places in Bulgaria, the mountains are on the doorstep: in this case Vitosha at 2,290 metres, a natural playground at any time of the year.

Two-week holidays with full board at the height of the season average £150-£200 (£300 at Drouzhba's Varna Hotel). Further information from Bulgarian National Tourist Office, 126 Regent Street, London, W1R 6BD.

Your week-end £: Austria 27.10, Belgium 59.25, France 8.30, Italy 1,540, Greece 65.50, Spain 142, Switzerland 3.44, U.S. 1.82. Source: Thomas Cook.

Soft and easy

FASHION

ARTHUR SANDLES

IT WOULD BE somewhat easier to concentrate on the production of these words about summer wear for men if the rain were not currently beating against my office window and my fingers were not moving sluggishly over my typewriter keys thanks to the biting chill of June air in the City. However, with Wimbledon and strawberry picnics just around the corner, now surely is the time for optimism.

The poor weather has come at a time when there is a fine crop of leisure clothing in the shops, a singularly unhappy coincidence but one that means there is still a fair amount of stock around for anyone making last minute holiday purchases.

But so rapidly is menswear design changing at the moment it pays to seek out those stores which are able to offer some sort of helpful guidance. In a good shop this help will extend not only to the cut of the clothes but also colour co-ordination, an aspect of dressing which is often a male blind spot. The Cue shops at Austin Reed, for example, are increasingly displaying goods in co-ordinated groups in order to ease the decision burden on the part of their customers and, at the high fashion end of the market.

Well worth a browse at the moment are the various outlets of Take Six, offering bargain basement prices on clothes literally a cut above most of the High Street opposition. Peter Brown, particularly if you are looking for tweed jackets, and Cue, which has some very nice cotton drill products. A ward of warning, however. Some of the things on sale at the moment are very tempting and you run the risk of an overspend.

Left is the look which is typical of the present trend; a soft khaki blouson top lined with cotton towellling and selling for around £23 at branches of Take Six. It is worn over a track suit also from Take Six. V necks (Ebony in South Moulton Street has some super ones) are selling very fast and you could find a shortage of the more popular ones.

Below are three other examples of current leisure outfits. The Safari jacket, a very soft summer weight garment, sells for £39 at Austin Reed (Cue). The jacket in the centre is a softly superb silk production from Washington Tremlett at £139 with a shirt from Browns, South Moulton Street (£40), and the silk pullover, shirt and tie on the right comes from Paul Howie, a designer whose goods are widely stocked in the more trend conscious shops. The trousers in each case come from Austin Reed. The pictures were taken by Trevor Humphries at the Holiday Inn, Sloane Street, London.

Heady climbers

GARDENING

ARTHUR HELLYER

AS I STRODE across a seaside golf course the other day watching some of Britain's top professionals playing with amateurs, I suddenly noticed that I was walking on a close carpet of roses. It was, of course, the Scotch Rose, a lovely species which never seems to behave in gardens as it does when it grows wild on the dunes. I thought what an extraordinary family this is, with variety that can scarcely be equalled, let alone surpased, by any other.

In a few weeks roses will be spilling from the tops of some of my tallest larches, trees that have been growing steadily since well before the war and must now be fully 60 feet high. They are musk roses, or what pass for such in gardens for I leave the mysteries of rose naming to experts like Graham Thomas, one of whose books, Climbing Roses Old and New, is just about to be reissued by Dents in a revised edition costing £8.95. I am delighted to have it, for climbing roses tend to be neglected by both writers and breeders, the former, I imagine, because of the difficulties in unravelling the ancestry of many of these roses and the latter because, so they assure me, there is little money to be made from climbers. I do not think that this indicates any lack of appreciation by garden owners but rather that climbing roses, even the smaller ones, take up so much room that it is only necessary to buy a few. Yet those few can make all the difference to the beauty of a garden in summer and they should be chosen with the greatest care.

I share Graham Thomas's preference for growing climbing roses as nearly naturally as possible which is why I send my musk roses scrambling into tall trees where I can admire them without ever being called upon to do anything about them since they are too high up to be pruned, let alone sprayed. The odd thing is that they never seem to need either when grown in this way.

That marvellous rose Kiftsgate belongs to this same group of musk roses. Where it does well it is breathtakingly beautiful, with huge trusses of creamy white flowers but with me it has not grown so well as the anonymous "moschata" which was given to me years ago by that remarkable amateur rose grower Mr. A. Norman who raised Ena Harkness, Frensham and several other very good roses. I think that Kiftsgate needs better soil than I am able to give it. I must try it again in another place and with much better soil preparation than it got last time. You do not expect a monster like this to be faddy but Mr. Thomas confirms my suspicion that this is just what it is.

Kiftsgate gets its name from Kiftsgate Court, a lovely garden in the Cotswolds, just below Hidcote Manor and with even better views across the Vale of Evesham to the Malvern Hills. The garden was made by the late Mrs. J. B. Muir and she purchased the rose, presumably as *Rosa filipes*, of which it is certainly a variety, from the Bunyard nursery, then at Maidstone. It was years before anyone took much notice of it but then its fame spread. Mrs. Muir allowed it to be propagated and widely distributed and, as Mr. Thomas explains, it was called Kiftsgate to distinguish it from other, possibly inferior, forms of *R. filipes*.

This is not the only distinguished climbing rose to be saved from obscurity by Mrs. Muir. Also from Bunyard she purchase a form of *Rosa brunonii* which Mr. E. A. Bunyard had found in the Hanbury garden at La Mortola just on the Italian side of the French-Italian frontier near Menton. According to Graham Thomas this is unquestionably the most ornamental form of the species, outstanding in foliage, flower and fragrance, and he should know because it was he who saw it at Kiftsgate, and persuaded Mrs. Muir to let him introduce it to general cultivation under the name *Rosa brunonii* La Mortola.

Among the first roses to flower are the Banksians, particularly the *Double Yellow Banksian* which is the easiest to purchase and to grow. It has a reputation for tenderness but it will stand quite a lot of cold if its growth has been well ripened in late summer. It grows and flowers well in the Channel Islands and is an ideal rose for sunny, sheltered patios, exept that its flowering season is rather short. Still its foliage is light and decorative and its stems are almost thornless which must be regarded as a considerable advantage where space is limited. Mr. Thomas makes the point, new to me, that the flowers are produced in greatest quality and quantity on the two- to three-year-old side shoots. He suggests removing a percentage of the five-year-old stems each year, a very different method from the annual hacking out of as much old growth as possible which is the usual treatment for climbing roses.

The most beautiful climbing roses I saw last year were all specimens of the climbing form of Cecile Brunner. I do not know whether the season suited this variety specially well but all were absolutely smothered with the little pink roses, perfectly formed and sweetly scented yet only a quarter the size of even a small hybrid tea. As a child I used to pick bunches of Cecile Brunner for my grandmother but they were from the bush form which is still a delightful little rose to grow, better, I think, than any of the modern miniatures.

In general I do not think that climbing roses flower as long as the best bush roses. Perhaps they spend too much time growing and have insufficient strength left to go on flowering for a long time. There certainly does seem to be some correlation between the amount of growth a rose makes and the continuity of its flowering. For the giants, like Kiftsgate and La Mortola, it is one tremendous display and then no more that season. Yet relatively short roses such as Joseph's Coat and Aloha, both of which can just as conveniently be grown as shrubs, go on flowering well into the autumn. Aloha is rapidly becoming one of my favourites, a rose that has been around for the best part of 30 years without ever making much of a stir. It has shapely flowers which Mr. Thomas calls "clear rose pink," though that seems to miss some of the subtlety of the shade which is a muted pink in the manner of old rose or crushed strawberry.

It is strange how good roses can be overlooked even by their raisers. Mr. Thomas tells the story of Lawrence Johnston raised by M. Pernet-Ducher in 1923. From the same pod of seed he got Le Reve, which he much preferred, and he would have thrown the other, richer yellow rose away had not Mr. Lawrence Johnston, then busily engaged in making the Hidcote garden, seen and purchased the only plant from him. He at first called it Hidcote Yellow but when Graham Thomas asked to be allowed to exhibit it at the Royal Horticultural Society Mr. Johnston asked that it should bear his name. It received an Award of Merit and grows well in a few gardens but has never become widely known, despite its quality. Look for it at the Royal National Rose Society's garden near St. Albans if you visit it for the great rose show to be held there on July 8 and 9.

Green hills

FISHING

JOHN CHERRINGTON

I SPENT most of May in China and, in the moments of wakefulness induced by the barrage of loudspeakers and motor horns with which the Chinese salute the dawn, I thought with increasing nostalgia of the cool green hills of Argyll and the river where for the last dozen years I have fished for salmon and sea trout with indifferent success.

Or, to be more exact, for the last five years catches in June have declined almost to zero. Last year we caught the only fish landed in that month. This has had nothing to do with a falling off of our basic skills but partly to a shortage of water in the river and more importantly of fish in the spring run and this has been common to all rivers. So marked has this transfer of fish to autumn runs become that the experts had written off with the most reasoned arguments any prospect of a return of spring fishing.

As usual the experts have been proved wrong because this year there has been an enormous number of fish in many Scottish rivers and I hoped, on my way through to the Highlands, I would find the same state here. But the auguries en route were not good.

Except where there was still snow on the tops the streams and rivers were dry, just the bare bones of water-polished rocks in place of the usual torrent at this time of the year. I wasn't very worried. This river is fed by a 20-mile-long loch and I have never seen it without some water.

Within a few miles of my destination I passed a well known river dry as a bone and saw two fishermen wading in the sea at its mouth and casting in the hopes of catching one of the fish waiting to enter the stream as soon as there was a chance. I have never been driven to this because the chances of catching anything are slight and you can if you wish go spinning off Brighton Pier with almost as must hope of success as they had.

One can but sympathise with anglers who have booked their holiday months before only to be reduced to these straits on arrival but I found that I was not a much better case myself. The river is almost dry, there has been little rain for nine weeks and it is even lower than it was last year. But there is a difference. The half dozen deep pools hold a great many fish. They can be seen rising continually and in the estuary the waiting shoals are said to be packed like sardines. The problem of course is to catch them.

The pools are deep, dark and without movement, and the obvious tactic would be to use worms, but this is against the rules and we fishermen keep the rules. So we are reduced to fishing the surface when there is enough wind to make a lop, all using sunken flies at the stream outlets where we can see the fish lined up waiting to go on up to the loch.

Thanks to the use of polarised glasses every fish's movement can be seen at a considerable depth. It is really quite interesting. There are the salmon four or five together, a well directed fly glides down towards them. They avoid it by moving out of its way and then slide back into position. We have been at it for hours now and no salmon has lost its temper enough to snap at the fly.

I do not think that we have a hope, unless before the end of the week there is some change in the atmosphere that will make the salmon lose their cool and grap the bait. Otherwise it is we who are getting frustrated. Nowadays thanks to those glasses we can see it all happening, and this underlines the fact that it was probably better in the past when we were fishing in blind ignorance.

And ignorance is the word for it. After writing the above I was fishing what would be the best beat on the river. Just where it debouches into a pool of about a couple of acres. Nothing happened for an hour or so and feeling the need to relieve the call of nature I laid my rod down, with the fly still in the water and turned by back.

Then it happened. I heard the reel begin to scream and turned round only to see the rod jerk off the bank and follow what must have been an enormous fish into the water and disappear the rod not floating because of the weight of the reel. I attempted to find it on the bottom by dragging operations with a spinning rod and treble hooks but to no avail. Late that evening the fish escaped and the floating line came to surface and the rod was recovered 50 yards from where I lost it which proved that a fish had taken in and not that I had flung it away in frustration as my companions seemed to think. This was the only fish to take my fly that week and that was that.

HOW TO SPEND IT

هكذا من الأصل

by Lucia van der Post

PLUSH PICNICS

PICNICS can be hell. Too much sand, too many flies, too much rain, lousy food, biting winds and too many other people—these are just some of the hazards with which picnics can be beset. On the other hand when a picnic is perfect, I can hardly think of a nicer happening in the whole social calendar. We had one such perfect evening recently at Glyndebourne when a combination of exquisite weather, delicious food, marvellous music and old friends contrived to add up to one of those golden days you remember for a long time to come.

Looking at all the picnickers and the elegance with which they had spread their rugs, laid out their tablecloths and even set up their tables made me realise just how well the British can do things when they really put their minds to it. Though it seemed to me that ours was quite the most perfect of all the picnics I could glimpse (Pimms to start with, then cold watercress soup served in French white bowls, salmon trout with sauce verte and salads, strawberries and great bowls of cream) there was none the less no group visible that hadn't gone to a great deal of trouble over food and drink. All a far cry from plastic sandwiches and salads stained with beetroot.

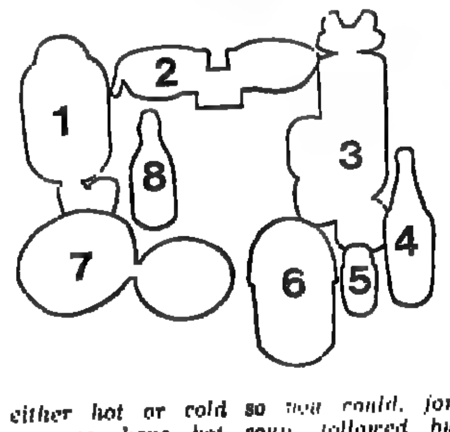
The equipment they all owned, too, was such that lead me to believe that picnicking must surely be a larger part of the British way of life than I had ever imagined. Nobody could surely buy all that just for one or two outings a year?

The real essentials for a successful picnic seem to be a good collection of coolie bags—into these you can fit white wine, champagne if you're lucky, bags of ice and Freezella bags, and the combined package should arrive well chilled on even the hottest of days. Our friends had bought a large and simple picnic basket from Habitat and this held all the glass, china and cutlery for our party of eight. The other essential is either lots of small or one large vacuum-flask for providing hot coffee or, on colder days, hot soups. Once you're organised for transporting these essentials you can then decide which of the extras are important to you. I have an aversion to plastic plates and mugs myself and feel that the touch of glass and china adds a great deal to the event; however, if there is much carrying to be done or far to walk then plastic is certainly much lighter.

Though elegant picnics, like those at Glyndebourne, Ascot and the like, are not the stuff of everyday life, I think it's worth taking trouble to do them well—the pleasure of the event extends way beyond the hours of its duration, and lingers in the memory for years.

For this week I've gathered together just some of the props that will come to your aid if you, too, want to plan an event of this kind. Nobody will want all of them, but a few of them will certainly go some way to providing the right backdrop to a "plush picnic."

Frank Wheeler



1—For large picnics, where you have numbers to look after, this large insulated flask will hold 7.2 litres of liquid—either hot or cold, depending upon the day. Much the most efficient way of transporting drinks, it is simple to use providing the instructions are followed. It has a handle for easy carrying and inside the beaker-style top is a container holding disposable beakers, so you won't need to carry cups separately. Made in Italy, it costs £15.95 from Heal's, of 196 Tottenham Court Road, London W1, who will post it for £1.09 extra.

2—This is the latest portable barbecue from the Hibachi stable. It consists of two separate but linked griddles. It can be easily carried (but it is heavy), because the two sides fold together and with the two handles form a shape rather like a circular suitcase. Made from cast-iron like all the Hibachi models, this one is different from previous models in that spikes let the ash drop away but when packed together the brickettes or fuel is automatically extinguished and can be re-used later. The 12 inch size is £17.70, 14 inch size is £21.00. Both from Harrods of Knightsbridge (£2.60 p&p).

3—If you like rather elaborate picnics with lots of courses then this group of stacking, insulated containers could be very useful. There are five different insulated containers and each could take something either hot or cold so you could, for instance, have hot soup, followed by goulash followed by ice-cream (after all, not many days in England are entirely suitable for all cold food). It all makes a very compact package about 14 inches high but it is expensive. The outer stainless steel container is of bright blue, the inner ones are of plain aluminium. £42.80 (p&p £2.50) from Divertimenti of 68, Marylebone Lane, London W1.

4—A wine cooler, 5, a glass cooler and 6, an ice-bucket are all from what is known as a Glacette set. These are devices for keeping drinks cool—the ice-bucket keeps the ice in good condition, the wine cooler keeps a bottle cool while the temperature of the drink in the glass will be preserved by the special glass container. This particular set is embellished with a charming design of yellow birds, sun and clouds on a blue background. There are plain versions which are cheaper. The wine cooler is £5.95 (£1.35 p&p), the ice-bucket is £25 and this together with four glasses (at £4.25 each) could be posted for £1.80 p&p. All from Harrods of Knightsbridge.

7—Though I'm not wild about plastic or melamine plates they are certainly much lighter to carry and, of course, don't break. Harrods have some exceptionally nice patterns at the moment of which this design was the most pleasing. They are expensive (or seem so to me) but they should last for a long time and they manage to make melamine look as elegant as possible. The background is white, the bamboo stems and leaves are green. An eight inch plate is £2.95, 9 inch is £3.00 and a 10 inch is £4.50. There is also a tea-cup (£1.90) and saucer (£1.50) to match.

8—If you want to take non-alcoholic drinks like home-made lemonade or ginger-beer this charming china bottle is in white with stripes of green and yellow. It has its own fizz-proof stopper and is £6.75. Because it is china it is expensive to pack so p&p is £2.20 from Harrods of Knightsbridge.

IF YOU aren't catering for large numbers but would like a pretty vacuum flask that will keep liquid hot or cold Jacksons of Piccadilly has a very pretty selection. The one sketched here has a black background and is decorated with sprays of pink flowers and green leaves but there is a tomato red version with white and yellow flowers or white with sprays of orange and yellow flowers. The flasks all hold one litre of liquid. £11.90 (p & p 86p).

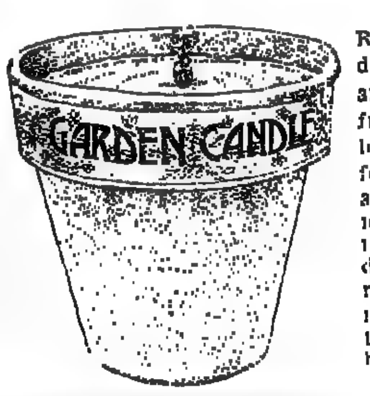
HAMPERS is a relatively new set-up but it seems to me a good one. The idea behind it is that people going to the major outdoor events in the summer calendar—Glyndebourne, Badminton, Chelsea Flower Show, Epsom, Ascot, Newbury, the Polesden Lacey Open Air Theatre and so on—may order a hamper, filled according to their tastes and purse, and then collect it on the day at the site of the event.

The food offered is on the whole the sort of simple food that best suits outdoor eating—cold meats or salmon, crab or lobster, if in season, salads, cheeses, desserts of fresh fruit or gateaux, as well as champagne, wines or lager and soft drinks. Prices do not seem to me excessive for the service offered and Hampers aim to add all the little things that are needed on a picnic—rolls and butter, salt and pepper, salad dressing, sauces, finger cloths, corkscrews and even toothpicks.

You can choose a meal as simple or as luxurious as you like and know that you can just turn up on the day and find the whole thing ready to collect and enjoy.

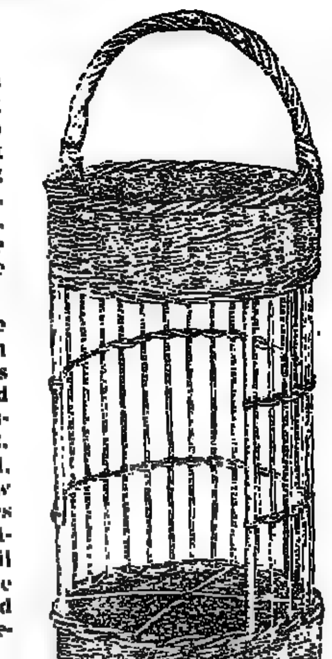
The pick-up points at each site are very clearly shown on small maps that the firm supplies. They seem to me to cover most of the major sporting events (including Wimbledon, polo, Bisley, archery and Cowes Week) but if by any chance they have forgotten something they ask potential customers to let them know and they'll see if they can help.

If you think you'd like a hamper get in touch with Hampers, Timber Vale, Greendene, East Horsley, Surrey (tel. East Horsley 2649).



I'M THE sort of person at whom midges make a dead set so I'm always on the lookout for anything that keeps them at bay. This garden candle is set in a terracotta flower pot and it contains an insect repellent as well. The candle has a double wick to withstand draughts and breezes. Complete with pretty box it costs £1.50 (p & p 70p) from Jacksons of Piccadilly.

ROBERT JACKSON of Piccadilly is having a special picnic and barbecue fortnight in July, from 3-15. If you can wait that long it is well worth going along for then you can see a large amount of merchandise and ideas all laid out together. In the meantime they have produced a sheet of ideas which readers can send off for—charming line drawings illustrate things like barbecues and barbecue tools, hampers, vacuum flasks and other picnic paraphernalia. For a free copy send a s.a.e. to Shirley Graham Ellis, 12 Dagmar Terrace, London N1. Among the small ideas recommended by Jacksons is using small tubes of Benedicta's mayonnaise—a very good idea as they are so easy to pack and, of course, quite unbreakable. A 6½ oz tube is 39p and for the moment they are handing out a free picnic knife and fork in smokey brown plastic with each tube.

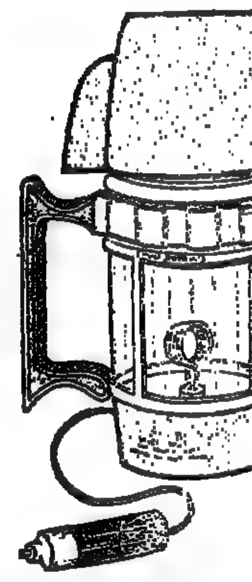


AT SOME of the outdoor events I occasionally go to vast amounts of drink seems to be inseparable from the enjoyment of the occasion. How then do you transport lots of different bottles and their accompanying mixtures? Wicker baskets, specially made for the purpose, seem to be the answer. Here are two solutions to the problem.

Above, is a willow portable "bar" that is 21 ins high with a diameter of 19 ins. It holds four bottles and 12 glasses and is good looking to boot. A company called Roundabout, of 2, Topiary Square, Richmond, Surrey, which has until now specialised in willow cradles for babies, has started importing and selling them by mail order for £18.25 with free delivery in central London and a delivery charge of £1.25 elsewhere in the UK.

Another design on a similar theme is shown right. This one is made from wicker and it holds four bottles in the base and has a flat top for holding glasses, olives, nuts or other accompaniments. It is £9.35 (80p p & p) from Jacksons of Piccadilly, 171 Piccadilly, London, W1.

I THINK one of the nicest small presents one can give is a small gadget which can be used for stopping up champagne bottles. The best champagne only comes in half bottles or larger quantities and sometimes one doesn't want to drink it all at one go—this is where the champagne stopper comes in useful. It keeps the fizz in the champagne for up to 3 days and if you are planning on a really lavish picnic it could similarly be used to keep the champagne fresh between the races, the acts or whatever. There is a gold-plated version for £8.50, a silver-plated version for £4.95 but there is a perfectly acceptable and efficient one in stainless steel for £3.50. They can be bought or ordered from Harrods—they deliver free within a radius of 30 miles from London—but otherwise will post it for 55p extra.



HERE is a splendid gadget from that old friend of FT readers—Peter Knight of Beaconsfield and Esher. It is a proper coffee maker that makes fresh, hot coffee and can be used by just plugging the connection into a 12-volt cigar lighter—this means it can be used in a car, boat or caravan. It takes about 10 to 15 minutes for the coffee to be made and though it doesn't make a great deal at a time (500 centilitres, enough for two largish cups) its great advantage it that it is real. The ground coffee should be put into a little strainer at the top of the flask, the water goes into the main body and the coffee is made by the percolating method. £5.95 (p+p 75p).

YOU MAY have noticed that the beauty business is becoming rather besotted with a new word—fragrances. My theory is that the British were so bemused by Nancy Mitford with her U and Non-U and that they got so tired of trying to remember whether scent or perfume was the word to use that they fastened happily on to this transatlantic face-saver. In any event it is a word that many of the beauty houses now use and for those who like the product, however it is described, there are three lovely new ones this summer.

Perhaps the lushest, most sensuous, most evocative is Bluebell by that lovely old firm of Penhaligons recently revived by Sheila Pickles and established in a charming shop at 41 Wellington Street, Covent Garden, London, WC2.

Bluebell smells, most evocatively, of, yes—bluebells. It is very floral and very special and is only available in a ½ oz bottle of extract—£12.50. If you want to buy from Penhaligons by mail order they run an efficient service and provide a charming booklet and order form for £1.00.

Also new this summer is a new fragrance from the House of Floris. It is very fresh, very pretty and also very floral. Called Florissa, it comes with a lovely collection of ancillary products—bath essence, talcum powder, soaps and so on. The perfume costs £16.50 for 60 ccs while the toilet water costs £9.50 for 210 ccs.

L'Oreal's new fragrance, Eau Jeune, is less floral, less heavy, very slightly tangy and must be the ideal hot weather fragrance. Eau de toilette is £3.50 for 240 ml, while the spray is £2.95 for 145 ml.

Pick your own

THERE'S something rather nice about the idea of picking one's own strawberries, broad beans, apples or whatever. Gentle, rustic visions of country baskets overflowing with the healthy produce of the land come to mind. For those with freezers it is a wonderfully economical way of filling it to provide memories of summer in the winter months. For those without freezers it is a good way of finding fruits for jams and preserving.

However, some of the problems have always been knowing exactly which farms allow you to pick your own, when which crops are at their best and at what time the picking is allowed. Home and Freezer Digest (which is, incidentally an excellent magazine for freezer owners) has provided a marvellous service in its latest edition (the July issue) by listing farms all over the country where you can "pick your own."

They are listed by county with full addresses given and, wherever possible, telephone numbers so that you can check the state of the crop you've got your eye on.

Symbols have been used to indicate whether the farm grows berries, fruits from trees like apples, plums or pears, leaf vegetables or root vegetables.

The pullout in this month's Home and Freezer Digest runs to 16 pages but already it seems such a success and such a good idea that a book is being planned. Besides the pullout section there are some very good recipes for freezing the summer berries—all in all excellent value at 20p per copy.

Pool a nanny

ANOTHER OF those ideas so good that one wonders why nobody ever thought of it before—a service to help working mothers share a nanny. When my children were young enough to need constant care nannies of the good, old-fashioned sort were quite astonishingly badly-paid. I still blush when I recall the salaries. Nowadays, however, as anybody who has recently tried to hire one will know, they come very expensive—they need a private life like everybody else, they need to eat and be clothed and have the odd outing, too.

However, money is not the only disadvantage; lack of privacy is another. Sharing a nanny between families could be a very good solution. The nanny can be paid a very good salary, enough for her to pay for her own living accommodation, if she is employed by more than one family. At the same time the children get the company of other children and the security of a familiar, daily figure to care for them.

At the moment the service is only offered in the London area. Anybody who thinks that sharing a nanny could be what they need should contact the Share-a-Nanny department of The Nanny Service, Oldbury Place, London, W1M 3AJ. Tel. 01-935 6976.

Make it yourself

IF YOU want something inexpensive and up-to-the-minute to cheer up your holiday wardrobe then for a small outlay and up to 10 hours of your time you could have either of the two garments photographed here. The patterns have been devised to use ICI's new handknitting yarns that contain Bri-Nylon. As you can see the patterns, available free to Financial Times readers, enable you to make either a long, slinky vest-like dress (very fashionable on summer beaches) or, by stopping the pattern half-way, a suntop.

The dress would take the average crochet-worker about 10 hours to make, the sun-top would take about four hours. Hayfield Beaulon Crepe 4-ply yarn is the one for which the pattern has been designed and the yarn comes in a good range of lovely, sunshiney, summer colours. A 25-gram ball costs 25p and this means the dress would cost about £5.25 in the smallest size (32 ins) or £6.00 in the largest size (38 ins). The sun top, similarly, would be either £2.00 or £2.50.

If you'd like the pattern just send a stamped addressed foolscap envelope to: Sundress Pattern, How to Spend It Page, Financial Times, Bracken House, 10 Cannon Street, London EC4.

ARTS

Distress signals

Caliban, a radio critic manque, came to mind as I listened to some recent experiments in the field of radio drama. "The isle is full of noises. Sometimes a thousand twangling instruments Will hum about mine ears; and sometimes voices, That if I then had waked after long sleep, will make me sleep again . . ." Myself. I did in fact stay awake through "the first play without words to be written for radio," *The Revenge* by Andrew Sachs (Radio 3, June 1), and through *S.O.S.* by Barry Bermange, "a development of his earlier work in the field of audio-collage" (Radio 3, June 13), but I wondered how the listener fared who had just switched on for pleasure.

The Revenge took up a challenge thrown down by Tom Stoppard. He thought it ought to be possible to write a radio play with no dialogue in it whatsoever, a bazarre gambit coming from one whose own plays are dialogue or they are nothing. Anyway, Andrew Sachs (when he is not indulging in radiophonic experiment he plays Manuel in *Fawlty Towers*) has proved that the feat of look-no-dialogue! is indeed possible, but what he has not so far demonstrated is why anyone should want to perform it, let alone listen to it. The title said it all: vengeance was *wreaked by a man on the run*; we had to deduce the plot from the various noises he made and those made by his pursuers and victim, a symphony of aggression and terror including heaving *breathing*, muffled cries, window-breaking, drowning, police-sirens wailing, footsteps echoing across asphalt, and so on.

But apart from the fun of working it all out, I do not see that anything much was gained by the speechless purity of the piece. I suspect that its main justification will come later as a teaching exercise. Occasionally the radio drama department organises seminars for writers who have had one or two radio plays done and wish to extend their techniques. I can imagine *The Revenge* gradually acquiring textbook status at these gatherings. A wordless sequence or two may be an effective method within a radio play of creating a violent climax, particularly in a thriller, but to have such a sequence humped out to last 30 minutes is rather like a jazz LP that is exclusively drum solo; a tour de force that becomes a forced tour.

If *The Revenge* eliminated dialogue, Barry Bermange's *S.O.S.* eliminated plot. It consisted of people, either individually or in chorus, and in a variety of tones ranging from cold neutrality to sheer panic, enunciating phrases taken from *The International Code of Signals for the use of all Nations (1874)*. Instead of plot, which implies development and resolution, we had a simple static situation, represented by a cry for help that never comes, a vain attempt *to communicate in* the face if imminent danger, the basic situation of a great many modern plays. It is one to which one cannot help responding and I found these phrases more rewarding to listen to than the sound effects in *The Revenge*. Bare statements and questions grew poignant. "Six metres water in hold . . . Hello . . . Who is that? . . . Water-logged . . . Can you hear me? . . . Can you see me? . . . Are you there? . . . Abandoning . . . Go ahead . . . Wreck is burning . . . Help us . . ." In a sequence like that we have the basics of drama without the superstructure. How many full-length plays can you think of that are summed up in the following? "Excuse unable to comply . . . Cannot stop, no time . . . Excuse pressing commitments of our own . . . Save us . . . We are dying. Cases of fever, dysentry, cholera, small-pox . . . When will you? . . . When the moon rises . . . Do you require assistance? . . . State requirements clearly . . . Act as judgment directs . . . Depend on own resources . . ." Mr. Bermange himself directed the 11 voices, male and female, used contrapuntally in the programme, and David Greenwood was in charge of the special sound work.

Many creative writers are all at sea when it comes to stringing ideas together and the distress signals they emit in radio interviews are often painfully wishy-washy if not downright incoherent. Not so the novelist Laurens van der Post, who was talking to Derek Parker for half-an-hour in *An Individual Self* (Radio 4, June 12). He spoke with eloquent conviction of his faith in individual man even against the unreined might of collective man in Africa today and of how the faith was a source of strength in a Japanese prisoner of war camp where he lived for a number of years under the ever-present threat of death, where he and his companions had to depend wholly on own resources. It was a heartening signal of radio's maturity to give this interview prime time on Radio 4.

RADIO

ANTHONY CURTIS

Jazz at the Portman

Trumpeter/flugel-hornist John McLeavy and accordionist Jack Emblow are the featured musicians at next Sunday's New Orleans Jazz Brunch at the Portman Hotel, W1.

On June 25 singer Beryl Bryden will be appearing with the Rod Mason band and on July 2 the Gene Cottrell quintet.

Matisse

Matisse, whose work, with Picasso's was greeted with hilarity when shown in London just after the last war, is now generally acknowledged as one of the greatest, perhaps even the very best of artists of this century. Exactly in what his greatness consists is still a matter for debate: less of a painter in the purest sense than Bonnard, more consciously a decorator, more equable and far less prodigiously various than Picasso (though like him essentially graphic in his work, a graphic colourist), he it was, nevertheless, who set the path that so many others were to follow, and follow still. His assertion of the fundamental flatness of the painted surface, by no means his *own* discovery, was early, comprehensive and direct: and from there he went on to conjure space and form out of pure colour. His work was ever intuitive, hedonistic, inherently seductive and untheoretical.

His great period came comparatively early in his long career, the dozen or so years before 1918: but such art-historical considerations in no way disqualify or demean his later work: if influence and importance were the only criteria, our galleries would be markedly shorter on masterpieces.

This small loan exhibition at Marlborough (June-July) indeed covers only the later period, the earliest pictures dating from 1917, the last from 1948. Those small early works already mark the shift away from the tough, ambitious paintings of the war years towards the bourgeois idylls of the twenties, and a return for a while to a more painterly modelling of flesh and form. Two notable paintings here, both from 1920, confirm the trend, the "Meditation after the Bath," with its exquisitely simple, Manet-like figure, especially *beautiful in that softly lit* interior.

The gentle touch persists in all these paintings, even into the somewhat larger red interiors with figures of the early forties, that hark back so clearly to such works as the great Red Studio of 30 years and more before: but now the handling is looser, even perfunctory at times, the paint so much thinner, the image suggested as much as described.

These are important works after all, simply because they are, for the most part, so fine in themselves, and Marlborough is to be congratulated, and thanked, for bringing them together for us to see. A small show at Lumley Cazalet (also until the end of July) of drawings, prints and illustrated books by Matisse, makes a valuable pair to this excellent exhibition.

ART

WILLIAM PACKER

Henri Matisse: Meditation after the bath

THEATRES THIS WEEK . . . AND NEXT

SHAW—*I'm Talking About Jerusalem*. The final play of the Wesker Trilogy, well worth collecting. Reviewed Tuesday/Wednesday.

WATFORD — *Rain*. The old Maugham-based drama much enlivened by film-actress Gloria Grahame as Sadie Thompson. Reviewed Tuesday/Wednesday.

SAVOY—*Whose Life is it Anyway?* The cracking play about euthenasia transferred from the Mermaid. Reviewed Wednesday/Thursday.

ACTION SPACE, Chenies Street, WC1—*Young Guy Seeks Part-Time Work*. Thin piece about how to deal with a schoolboy who takes up "relief massage." Lunchtime. Reviewed Wednesday.

OLD VIC—*The Lunatic, the Lover and the Poet*. In other words the poet Byron: a kind of literary documentary. Reviewed Wednesday.

MERMAID—*Every Good Boy Deserves Favour*. The astonishing collaboration of Tom Stoppard and Andre Previn in an hour-long piece about human rights, with chamber orchestra. Reviewed Thursday/Friday.

GREENWICH — *The Golden Cradle*. Five one-act pieces by the founders of the Abbey Theatre, Dublin. Of special interest to students, but worth the journey for anyone. Reviewed Thursday/Friday.

ALDWYCH — *The Dance of Death*. Strindberg's classic study of marital hatred, with a firecracker production by the RSC. Reviewed Friday.

RIVERSIDE STUDIOS — *Treetops*. Richly rewarding new play concerning the problem of white democrats in the Cape Town of 1952. Reviewed Friday.

Monday, *Runners* at the Bush and *Dig for Victory* at Stratford, E15. Tuesday, *Flying Blind*, a good new Irish play from the Liverpool Everyman comes to the Royal Court. Wednesday, *Evita* at the Prince Edward. Thursday, *Bartholomew Fair*, the Young Vic's first production under its new director Michael Bogdanov; and at the Almost Free an adaptation by James Saunders of Kurt Vonnegut's *Player Piano*.

Aldeburgh concerts

With Rostropovich as one of the artistic directors of the Aldeburgh Festival we may reasonably hope for a thorough journey through the sides of Russian music of which we normally hear too little. An example of what can be done was Thursday's recital, at which the famous cellist was heard as pianist accompanying his wife, Galina Vishnevskaya in a programme of mainly unfamiliar but also mainly excellent songs by Rimsky-Korsakov, Glinka and Prokofiev.

An occasional song of Rimsky's turns up now and then, but to have a whole half of a recital devoted to them was a bonus. One can see why they aren't more often heard. The vocal line is paramount. The piano parts, though subsidiary, are not uninteresting, as "The faded flower" showed, nor unadventurous as the almost Straussian effusion of "The lark exalts" and "The clouds part" proved, while "The nymph" has unexpected, subaqueous glints in the harmony. But of the close welding and interweaving of voice and piano as we know it from, say, Schumann or Wolf, there is little.

One result is that the songs need singing of a kind not always within reach of good and thoughtful "interpreters" of Lieder. The melodic lines with their long, beautifully shaped phrases call for fine tone, an even compass and strong lungs. This does not mean that the kind of verbal and musical infection at which Vishnevskaya excels is not required too—far from it. She was in commanding voice on Thursday. Not everything came easily but once again she showed how passing flecks and roughnesses may be turned to expressive effect. The small gem called "The gentle breeze" was moulded with especial delicacy.

The group by Glinka, who could unite Russian folk-type melancholy with Italian-style cantilena, included the haunting "Lark" and a humorous Mazurka ("To her") in which Vishnevskaya's range of formal gesture was unexpectedly put to comic use. Four of Prokofiev's *Russian Folk Songs* included an overdose of hearty bumpkin humour but also, in "The Dream," a marvellous opportunity for the soprano to show her fabulous way of using a vibrato-less tone that is anything but colourless. Rostropovich's playing to such an extent combined informality with vigilance and responsiveness as to seem like an extension of the voice part.

On the previous evening Peter Pears and Ian Partridge (with Steuart Bedford and Graham Barber at various keyboards) gave an unusual programme of music for two tenors, ranging from Monteverdi and Purcell to David Bedford's setting of Whitman's "on the beach at night" commissioned for the occasion. In the new work, grateful vocal lines and an instrumental part effectively laid out for piano and chamber organ pleased the ear while the music was in progress but left only a nebulous impression behind. Unfortunately, in the matter of "ravening clouds ... in black masses spreading," East Anglian nature has been beating art hands down.

Berkeley's *Four Ronsard Sonnets* (not to be confused with his other Ronsard settings for single voice) were heard for the first time in a new version with piano accompaniment. Nothing nebulous here, but clear, dancing lines teasing the listener with expectations (rarely fulfilled) of the kind of thirds-and-sixths writing that are at once the delight and the bane of vocal duets but more often preferring imitation. The two middle sonnets, one a gently rocking Andante, the other angular and pressing, come off particularly well.

The two tenor voices were almost too closely matched—Ian Partridge could safely have used more of the French timbre which he manages so well. The choicest thing in a choice recital was the fascinating "Dialogue between two Penitents," by Humfrey and Blow, realised by Imogen Holst, a piece that deserves prompt publication.

MUSIC

RONALD CRICHTON

Continental pictures in demand

A painting of cattle watering at a pond by Friedrich Voltz sold for £32,000 yesterday in Christie's sale of continental pictures of the 19th and 20th centuries. The sale totalled £339,910.

Voltz, an artist of the Munich school, concentrated almost exclusively on the painting of *cattle*. The price, paid anonymously, fell just short of a record for the artist which was set at a sale of continental pictures in New York last month at £32,530.

Belgian and Dutch pictures sold very well. Eroscot, a dealer from Scotland, paid £11,000 for a picture of a girl in a game larder by candlelight signed and dated 1849 by Petrus van Schendel. A Belgian purchaser, Magnus, paid the same sum for a picture of cattle, sheep, a goat and a donkey grazing by a stream by Eugene Verboeckhoven. Also at £11,000 was a winter street scene in Milan by Mose Bianchi.

Magnus paid £9,500 for a picture entitled "A quarrel over cards" by Ferdinand de Braekeleer, and an anonymous bidder £8,500 for a painting of a river estuary with fishing vessels in a choppy sea by Hermanus Koekkoe.

At Bonham's a rare 18 carat gold one minute tourbillon watch, signed by Charles Frodsham and hallmarked London 1907, sold for £16,000 at Bonham's yesterday.

Nearly 400 lots of consistently high quality photographic images and related material make the sale at Sotheby's Belgravia on Wednesday, June 28, the most important of its type yet held there, and on Friday, June 30, the second part of photographs fro mCecil Beaton's studio will be sold.

The general sale includes two very important Crimean War albums by Rober Fenton. They have 67 photographs in each album, both of which have an elaborate dedication page "To Her Most Gracious Majesty Queen Victoria . . . ," and are probably the most extensive and highest quality Crimean albums yet to appear on the market. They are expected to sell for between £5,000 and £10,000 each.

Two beautiful seascape albumen prints taken in 1856 from collodion on glass negative by the Frenchman Gustave Le Gray are expected to fetch four-figure sums. Le Gray was a gifted early amateur who was responsible for developing the waxed paper process. He is best known for seascapes such as these.

The many other photographic treasures in the sale include works by Fox Talbot, Hill and Adamson, Robertson and Beato, Frith, Nadar, Rejlander, Cameron, Emerson, Sutcliffe, Muybridge and Evans; also there are 20th-century photographs, important albums and daguerreotypes.

SALEROOM

ANTHONY THORNCROFT

TV/Radio

† Indicates programme in black and white.

BBC 1

7.15-8.30 am Open University. 9.10 Playboard. 9.25 The Flashing Blade. 9.45 Calling Young Film-makers. 10.00 Arlott and Trueman on Cricket. †10.25 Laurel and Hardy in "A Chump at Oxford." 11.23 Weather. 11.25 Cricket, Second Test. The Cornhill Insurance Test Series: England v. Pakistan.

1.30 Grandstand: Racing from Bath (1.40, 2.10, 2.40); Tennis (1.55, 3.15) The John Player Tournament; Cricket: Second Test (2.25, 3.15); Rugby Union: Australia v Wales (2.50); Athletics (2.55 and later) Women's AAA Commonwealth Games trial; 4.55 Final Score.

5.15 The Tom and Jerry Show.
5.30 News.
5.40 Sport/Regional News.
5.45 Emu's Blackpool Walkabout, starring Rod Hull and Emu.
6.15 Saturday Night at the Movies: "A Thunder of Drums" starring Richard Boone.
7.50 Lennie and Jerry starring Lennie Bennett and Jerry Stevens.
8.35 Kojak.
9.25 News.
9.35 Parlov v. Conteh: Light-heavyweight Championship of the World.
10.50 Sailor.
11.20 Marvin Hamlisch, composer-pianist in concert.

All Regions as BBC 1 except at the following times:—

Wales—12.20 am News and Weather for Wales.

Scotland—12.20 am News and Weather for Scotland.

Northern Ireland—5.40-5.45 pm Northern Ireland News and Sport. 12.20 am News and Weather for Northern Ireland

BBC 2

7.40 am 2.45 pm Open University.
†3.05 Saturday Cinema: "Shopworn Angel" starring James Stewart.
4.30 Cricket, Second Test: England v. Pakistan.
6.45 The Money Programme.
7.30 News Sport.
7.50 Network.
8.20 Lost.
8.35 Royal Heritage.
9.35 The Camera and the Song.
10.05 Welsh Triple Bill.
10.35 M.A.S.H.
11.00 News on 2.
11.05 Cricket: Second Test (highlights).
†11.35 Midnight Movie: "Lightning Strikes Twice" starring Richard Todd.

LONDON

8.50 am Sesame Street. 9.45 Half Our Show. 10.15 The Monkees. 10.45 Our Show, part two. 11.30 Spencer's Pilots.

12.30 pm World of Sport. 12.35 World Cup on the Ball; 12.55 International Sports Special (1) Athletics—U.S. Outdoor Track and Field Championships plus Australian Pools Check; 1.15 News From ITN; 1.20 International Sports Special (2) Motor Racing—Swedish Grand Prix from Anderstorp; 1.50 The ITV Seven (part 1), 2.00 and 2.30 from York; 2.15 Sandown; 2.40 International Sports Special (continued) Motor Racing — return visit to Anderstorp for closing stages of the Swedish Grand Prix; 3.20 The ITV Seven (part 2), 3.30 and 4.00 from York; 3.45 and 4.15 from Sandown; 4.30 Wrestling; 5.00 Results Service.

5.05 News.
5.15 Cartoon Time.
5.30 The Life and Times of Grizzly Adams.
6.30 Celebrity Squares.
7.15 Sale of the Century.
7.45 Best Sellers.
9.30 News.
9.45 The South Bank Show Presents "MacMillan's Mayerling."
12.00 Stars on Ice.
12.30 am Close—a painting by Velasquez with music by Rodrigo.

All IBA Regions as London except at the following times:—

ANGLIA

9.25 am Underwater World of Captain Nemo. 11.30 Star Maidens. 12.00 pm Stars on Ice. 1.00 The George Hamilton IV Show. 12.30 At the End of the Day.

ATV

9.05 am Musket, Fife and Drum. 9.30 Sesame Street. 10.30 ATV Saturday Morning Picture Show: "The Great St. Trinian's Train Robbery" and the super serial "Mystery Island." 5.15 pm Professor Balthazar. 5.30 The Six Million Dollar Man.

BORDER

9.05 am Build Your Own Boat. 9.30 Dynomutt—the Dog Wonder. 9.50 Morning Film: "The Spanish Main" starring Paul Henreid and Maureen O'Hara. 11.35 The Count of Monte Cristo. 12.00 The Beachcombers.

CHANNEL

12.18 pm Puffin's Pl(l)ce. 12.00 In Concert: Meal Ticket.

GRAMPIAN

9.25 am Scene on Saturday including Birthday Greetings and Cuir Car. 10.00 Captain Scarlet and the Mysterons. 10.30 Tarzan. 11.25 Undersea Adventures of Captain Nemo. 11.30 Space 1999. 12.00 Reflections.

GRANADA

9.30 am Sesame Street. 10.25 Paul. 10.55 Saturday Matinee: "Frankie and Johnny" starring Elvis Presley. Late Night Thriller: Natalie Wood in "A Cry In The Night."

HTV

9.00 am Bare Brained Bynobit. Old House, New Home. 11.30 Space 1999. 12.00 The Hedges Showjumping Championships. HTV Cymru/Wales—As HTV General Service except: 6.30 pm Cartoontime. 6.45-7.15 Sion a Sian.

SCOTTISH

9.05 am Build Your Own Boat. Sean the Leprechaun. 11.30 Cartoon. 11.40 The Bionic Woman. 12.05 Gale Call. 12.05 am Love American Style.

SOUTHERN

11.30 am Weekend followed by Regional Weather Forecast. 11.40 Code R. 12.00 Southern News.

TYNE TEES

9.00 am Lyn's Look-In. 9.10 The Mad Dog Gang Meets Rotten Fred and Ratsguts. 9.40 Lyn's Look-In. Saturday Morning Film: "To Trap A Spy" starring Robert Vaughn and David McCallum. 11.25 Lyn's Look-In. 11.35 Space 1999. 12.00 Epilogue.

ULSTER

10.00 am Saturday Morning Movie: "The Prince Who Was A Thief" starring Tony Curtis, Piper Laurie and Everett Sloane. 11.30 Sesame Street. Sports Results.

WESTWARD

9.00 am Survival. 9.25 The Beatles. †9.50 The Saturday Morning Feature Film: "Situation Hopeless But Not Serious," starring Alec Guinness. 11.30 Gus Honeybun's Birthdays.

YORKSHIRE

9.00 am Early Musical Instruments. 9.25 Mystery Island. 9.35 Saturday Scene Action Adventure: "Tarzan and the Great River." 11.10 The Gene Machine. 11.40 Code R.

RADIO 1 247m

(S) Stereophonic broadcast

5.00 am As Radio 2. 8.06 Ed Stewart (S) with Junior Choice, including 8.32 Cross-Channel Motoring Information. 10.00 Adrian Juste. 12.00 Paul Gambaccini.

RADIO 2 1,500m and VHF

RADIO 3 464m, Stereo & VHF

7.55 am Weather. 8.00 News. 8.05 Aubade (S). 9.00 News. 9.05 Record Review including Building a Library (S). 10.15 Stereo Release of music by Sheppard, Mozart (S). 11.25 Cricket: Second Test.

RADIO 4

434m, 330m, 285m and VHF

6.30 am News. 6.32 Farming Today.

WEEKEND CHOICE

SATURDAY: Lennie Bennett and Jerry Stevens, two newish graduates from the northern club circuit, did not greatly impress me in their first programme, but they start a new BBC 1 light entertainment series tonight, **Lennie and Jerry**, and perhaps these will be better.

At 9.35 I shall be unable to resist the excitement of Conteh's challenge for the world light heavyweight title on BBC 1 despite rational objections to boxing.

Those preferring the true story of a suicide pact between a teenage girl and a drug addicted alcoholic atheist prince suffering from VD should instead watch ITV's **South Bank Show**. Since the story is told as a ballet, "**Mayerling**," it's all quite OK.

Derek Bailey has used the popular European and American habit of showing preparations for a production as well as excerpts from it.

SUNDAY: BBC 1's **Antiques Fair** at lunchtime sounds tempting, but if you don't like soccer (BBC 1 and ITV) or Barbra Streisand (BBC 2) it's a jolly good night for going out.

C.D.

Mayerling: ITV Sunday

هكذا من الأصل

ARTS/COLLECTING

Bob Dylan in action at Earls Court

Times changed

BOB DYLAN

ANTONY THORNCROFT

Any doubts that Bob Dylan is the most impressive composer and performer produced by rock music were dispelled at Earls Court on Thursday night when he started a week of concerts, his first in London for almost a decade. It wasn't all plain sailing. At the start, new material, an unsettled band, and the awfulness of the arena, with people milling around as freely as on the concourse of Waterloo Station, made the day-long queues for tickets and their inflated Black Market prices seem like bad jokes.

But then suddenly he is singing *Like a Rolling Stone*, spitting out the hypnotic lyrics and pulling the band together with mounting tension. By the end the audience is on its feet, relieved to know that Dylan can still express all the passions of a generation through the universal art form of the generation, rock music. From then on Dylan was magnetic, displaying a charisma that is quite unexpected. It is easy to see what all the fuss is about.

It is a long way away from the small ungainly boy from the mid west who arrived in New York City in 1961 and started, virtually single handed, the contemporary folk movement. Only with a langorous version of *Tangled up in blue* was Dylan alone centre stage and even then a saxophone player and an organ were supporting around the edges. Now Dylan puts on an act with almost Las Vegas like sophistication, complete with a three girl backing group. He has not moved with the times—he has moved the times and become the best rock singer on the road because his melodies exploit the rhythms in the music, and his lyrics are the life stories of his audience.

The first Dylan concert was a series of revelations—his voice, less affectedly strangulated than in the past; his dominating presence onstage—the band was kept very much in its place; and above all, his musical imagination. Many of the standard Dylan songs were given original, sometimes perversely original, interpretations. *Don't think twice, it's alright* became a reggae piece; *All along the watchtower* had an almost Jimmi Hendrix like rawness, with some powerful violin from David Mansfield thrown in; *Maggies Farm* was punched through with rock chords; and *Just like a woman* came close to Tamla-Motown, with a sad loss of plaintiveness. In the main, though, the updating worked wonderfully, and inspired the band to unexpected heights.

The encore was *The times they are a changing*, an historical curiosity now rather than the inspired indictment it seemed 15 years ago, and then the lights were up and a shell-shocked audience shuffled into the night. Dylan had been on stage for two hours. He loked relaxed, amiable, quite interested in the job. He ignored many of his greatest songs in favour of later, and lighter, works, but he did enough to earn his fee and to retain his reputation in the lists of latter day heroes. The radical poet is now the rock entertainer: it could hardly have turned out better.

Riverside Studios

Treetops

THEATRE

MICHAEL COVENEY

Nicholas Wright has been director of the Theatre Upstairs and joint artistic director of the Royal Court. Possibly he has been too busy to write a play until now. But this one at the Riverside Studios was worth waiting for. The action is set in the Cape Town of 1952, after the dissolution of the Communist Party and before the election. How are the white democrats going to survive, let alone change the course of history? We know the answers now; what Mr. Wright does is to describe the mood of the time by concentrating on two middle-aged friends, one of Scottish origin with a good war record, the other a volatile Lithuanian Jew whose Socialist passion has not yet been driven completely underground.

Their story is given a richly poetical parallel in the friendship of their respective sons. In their adolescent rough and tumble differing political attitudes are ingeniously inflected through a relationship that is innocent but increasingly less so. The Scotsman, Rusty Walker, brilliantly played by Bill Paterson, is preparing a manifesto in the headquarters of the Torch Command to open membership facilities to all races. While the play develops as a poignant obituary for lost hopes, the humanity of the characters is never sacrificed for the sake of broader canvas effect. As in David Edgar's *Destiny*, the point is made in the analysis of individual decisions.

Rusty's friend, Leo Skiba (played by the admirable John Bluthal) is disappointed when Rusty sacrifices tactics for heroics by sending a telegram from a Post Office counter for non-whites. Leo is writing a column for the Left-wing *Sentinel* and attacks Rusty who, by now, is selling the newspaper on the streets; he has been to prison and left his wife (Gillian Barge). Although the piece is firmly set in its period of post-War colonial confusion—the title is the name of the Kenyan hunting lodge where Princess Elizabeth heard of the death of her father—one of its great merits is that it is not confined by that setting.

John Burgess's production is not afraid of lingering sensuously as the young boys pursue each other on bicycles through the countryside; or as Rusty's wife, stewing in her own liberal juice, laboriously proposes a cut in salary for her coloured maid on a stage dazzlingly transformed by a traverse washing line of white sheets. The chips are finally down at a vividly presented public meeting where Leo receives a telegram denying his freedom of speech as he invokes the passive resistance argument of Ghandi. And, earlier, we have seen a broken Rusty meet up on a public bench with his wife in the shadow of Rhodes as all around them celebrate three centuries of white rule.

It is, in short, an extraordinary achievement and, in addition to those mentioned, Judith Harte, Lila Kaye and the two boys—Juff Wild and David Sassieni, not at all "Italia Conti"—make telling contributions to a memorable evening.

More for Tate

A group of 36 sculptures by Henry Moore promised to the Tate Gallery by the artist in 1969 has now been handed over. The Gallery already has 38 Moore items and the new pieces will make up a unique collection of the sculptor's work.

The gift was made on condition that it should be presented initially an an exhibition. The collection will be on show from June 28 to August 28.

The exhibition includes plaster casts and finished bronzes showing in detail his method of working. Two pieces will be sited outside the Gallery overlooking the Thames. The larger, Two Piece Reclining Figure No 2, dating from 1963-64 and weighing several tons, will be lifted into position by a crane on June 22.

A Gallery spokesman said: "This is a major gift by one of our greatest artists of some of his finest and most important pieces."

TV RATINGS w/e June 6

UK TOP 20 Homes Viewing (m)

1	Winner Takes All (Yorks.)	13.40
2	The Good Life (BBC)	13.10
3	Coronation Street (Mon.) (GRAN.)	12.30
3	Morecambe and Wise (BBC)	12.30
5	Scotland v Iran (BBC)	12.25
6	Crossroads (Fri.) (ATV)	12.10
7	Wheels (ITV)	12.05
8	Coronation Street (Wed.) (GRAN.)	11.95
9	Crossroads (Thurs.) (ATV)	11.55
10	You're Only Young Twice (Yorks.)	11.50
11	Whodunnit? (Thames)	11.40
11	World Cup: Italy v Hungary (ITV)	11.40
13	Liberace (ITV)	11.35
14	Pink Medicine (LWT)	11.15
15	Scotland v Holland (BBC)	11.00
16	Hulk (ITV)	10.80
17	Kojak (BBC)	10.70
18	That's Life (BBC)	10.50
19	Charlie's Angels (ITV)	10.45
20	Celebrity Squares (ATV)	10.15
20	Tunisia v West Germany (BBC)	10.15

Figures compiled by Audit of Great Britain for the Joint Industrial Committee for Television Advertising Research (JICTAR).

U.S. TOP TEN (Nielsen ratings)

1	One Day At A Time (comedy) (CBS)	27.0
2	Lou Grant (drama) (CBS)	26.3
3	MASH (comedy) (CBS)	26.2
4	Charlie's Angels (drama) (ABC)	23.8
5	Three's Company (comedy) (ABC)	24.2
6	Laverne and Shirley (comedy) (ABC)	21.9
7	Happy Days (comedy) (ABC)	20.3
8	Starsky and Hutch (drama) (ABC)	20.1
9	Carter Country (comedy) (ABC)	19.8
10	Heavyweight Championship (boxing) (ABC)	19.7

A Nielsen rating is not a numerical total.

Doulton's pretty ladies

BY JANET MARSH

THE IDEA of something which is produced simply in order to be collected, and is advertised with slogans like "the heirlooms of tomorrow" always seem slightly, slightly suspect. The vast and growing army of Royal Doulton figures is perhaps the honourable exception, on account of its sheer staying powers — there has been a regular production since 1913—and the unselfconscious way in which they seem to follow a centuries' old tradition of Staffordshire pottery image making.

Their collectability—particularly for the kind of collector who prefers to see his horizons clearly drawn by a catalogue—is now enhanced by the appearance of the massive *Royal Doulton Figures Produced at Burslem c.1890-1978* (Royal Doulton Tableware, £20) compiled by Desmond Eyles and Richard Dennis, who for years now have been the dedicated chroniclers of Doulton wares of all sorts. Upwards of 700 figures are illustrated in colour, and catalogued in the chronological order of Doultons' own pattern books.

Figure modelling at Doultons began in the 1870s with the whimsical and sometimes inspired stoneware creations of George Tinworth, whose anthropomorphic studies of mice taking tea, playing tubas or performing Punch-and-Judy shows are among the most desirable items of late 19th-century art pottery.

Tinworth worked at Doultons' original Lambeth factory. The 20th-century tradition belong more to the Burslem branch, opened just over a century ago for the manufacture of fine earthenware. In 1889, while Tinworth was still at work in London, Charles J. Noke, who had been trained as a modeller at the Worcester Porcelain factory, joined Burslem as chief designer. Noke, who remained chief designer into the 1920s, created a few sculptural pottery figures in the '90s, but it was not until 1909 that he persuaded Doultons to let him commission a group of sculptors to design figure models.

The first Royal Doulton figures of the series which still continues today were finally put on the market in 1913. In some respects these early works have never been bettered. Phoebe Stabler and Charles Vyse, established artists who had exhibited at the Royal Academy, seeemd instantly to understand the needs of ceramic sculpture and their figures have a broad, strong, monumental quality which few subsequent Doulton artists have recaptured.

In the earliest model in the catalogue, Vyse established the particular vein of sentimentality that has been Doulton's tradition and success. It was a tiny thumb-sucking child in a nightie, which is known to this day (a reduced version is still in production) as "Darling," on account of Queen Mary's delighted expression when she picked it up at an exhibition. Figure No. 9 was the first of the hundreds of different crinoline ladies which have continued to be best sellers.

It is too easy to be snobbish about the easy nostalgia and sugary sentiment of Doulton figures—the balloon sellers and Dickens characters, the Gladyses and Priscillas and Celias and Pennies and Lorettas and Sandras (the names have changed with fashion), the "Miss Demures" and "Secret Thoughts." For over 60 years they have responded to a market, sensitively reflecting the tastes of their clientele rather than trying to influence it. Just as the humble Victorian Staffordshire figures—derided and scorned in the early years of the century — accurately reflected the tastes and sentiments of the Victorian working class, Doulton figures intimate the social and sentimental values of a (surprisingly unchanging) 20th century middle class taste.

The crinoline ladies subtly combine with their nostalgia, echoes of the contemporary look of women and their clothes. Modes and styles are picked up —if perhaps a little late: the influence of Bakst and the Russian ballet, of the Japanese craze after *The Geisha* and *Madame Butterfly*; of *Chu Chin Chow* and Playfair's *Beggar's Opera*. Modified forms of Art Deco creep in, and there was even a period in the twenties when quite erotic bathing belles and nudes made their appearance. (One particularly daring one appears in an alternative form with a stoutly painted-on bathing dress).

Doulton had its higher artistic aspirations: in the 1930s Richard Garba RA produced a number of limited editions. His "West Wind" and "Beethoven" are particularly vigorous and lively sculptures albeit in a style that already seemed to belong to three decades before; but they were exceptions; and what the public really wanted was what Doulton gave and continues to give it.

Currently John Hall of Harrington Road has examples of a 1915 figure of the American actress Doris Keen in "Romance," priced at £150; and W. S. Penley was "Charley's Aunt" at £75. Prices for early and out of production Doulton figures can reach several hundred pounds; while the new and current models market at between £10 and £60.

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Waiting for a sign

THE EUPHORIA which greeted the Government's package of credit restraints at the end of last week has proved singularly short-lived. The new long tap, greeted on announcement as the answer to a fund manager's prayer, has opened at a small discount, and the market as a whole has been drifting after its initial rebound. For the first time since he started his more or less annual manoeuvres, the Grand Old Duke of York seems to have pitched camp at the top of the hill, and signs of his next movement are earnestly awaited.

Uncertainty

The market's second thoughts have partly been provoked by official over-enthusiasm: the indecent rush to take advantage of improved sentiment has flooded the market with stock, so that the fear of missing the turn—the most powerful argument for bullish sentiment—has been allayed. The market has thus been offered time to form a more considered view, and has found solid reasons for hesitation. Any attempt to form a view at the moment is simply a guess, for the available landmarks are shrouded in a dense fog of uncertainty — political uncertainty and statistical uncertainty.

The opinion polls suggest a close-run election, whose outcome could be settled by something as irrelevant as the May trade figures proved to be in 1970. The economic figures for trade, output, employment, prices, and credit are even more difficult to interpret.

For the markets, most of the important questions can be referred to interest rates; and the only firm fact — in Mr. Hattersley's rather ambitious interpretation of that word—is that the trend of U.S. rates is upwards. However, the influence of U.S. rates on London depends on the strength of the dollar. If this depended purely on current inflation rates, and prospective trade balances and monetary growth, sterling should be relatively strong, and the dollar has already this week taken another sharp fall against the Japanese yen. However, the market does not yet regard the dollar as weak against the European currencies.

It is impressed with Mr. William Miller at the Fed, with President Carter's hesitant deflation, and with the importance of investment flows, influenced by the cheapness of U.S. assets, the recent performance of Wall Street, diplomatic accord with Saudi Arabia, and a significant flow of funk money from less politically stable countries.

Unless and until the dollar weakens again — and U.S. monetarists remain bearish — the scope for any easing of London rates must be severely limited: and even if New York were not a constraint, domestic pressures might drive money market rates up. The unknown factor here is the private domestic demand for bank credit. The banks have until recently looked for only modest growth, since improved real incomes and corporate cash flow will finance a fair rate of growth without strain. However, the most recent money supply figures show a very sharp rise in personal borrowing. It remains to be seen whether this is a temporary reflection of sales campaigns by some of the clearing banks, coupled with changed rules about credit cards, or whether it represents a new and unexpected trend. Within the new corset, persistent demand would drive short rates up.

The longer-term market looks to longer-term fundamentals; but a rise in short rates due to domestic credit demand would confirm fears that one of the fundamentals is wrong: the public sector borrowing requirement is too large. However, even if credit demand eases and funding problems abate, the long market will want to form a view of inflation and of sterling. The recent trade figures are probably by no means as bad as they look at first sight, and could still be consistent with a modest surplus; this could be achieved if, as many observers suspect, output is rising faster than the official figures so far suggest—a revision which would also make sense of the unemployment figures. This would provide some support for sterling; but not if domestic costs get out of hand again. The market may agree with the Prime Minister and Mr. Hattersley that if the next wage round is modest, the outlook is good, but is not ready to share the Government's confidence that a moderate outcome is likely—let alone a "fact."

Vigorous

Behind all these current uncertainties remain the doubts started by the Budget itself. The fiscal stimulus seemed excessive for a growing economy, and has not been reduced. The normal British means of restraining credit through corsets and gilt sales have yet to be tested against a vigorous real growth of the private economy, and may prove inadequate. Uncertainty is the summer disease of the British economy—it is not for nothing that July is the traditional crisis month: and until July—and now possibly October—are safely past, it may be hard for the market to form any sustained view.

BP raises its stakes

IN TWO major deals announced today British Petroleum is spending £430m bolstering the less glamorous and less successful side of its business—"downstream" from the discovery and production of crude oil. The company's loss-making German subsidiary is buying the German energy company Gelsenberg for about £210m, and its chemicals subsidiary is buying a substantial part of the European chemicals and plastics business of the U.S. company Union Carbide for about £220m.

BP has presented the deals as independent moves by two autonomous subsidiaries, but its top management concedes that the deals together will do something to redress the balance of BP's overall business. For the last eight years BP has devoted most of its cash and energy to securing its basic supply of crude oil—a supply which was radically reduced by the nationalisation of its Middle Eastern oil reserves.

The two main thrusts here were the exploitation of Alaskan oil through BP's gradual takeover of Standard Oil of Ohio and its huge investment in the North Sea.

Yesterday's deals stress the end of the pipe-line that leads to the consumer. Large though the total sum is, it is no more than a gesture in this direction. Spending £400m will only increase BP's planned capital expenditure this year by about one third. It compares with the £1.5bn that BP will spend over a period of years on the Magnus field, a North Sea find that will account for only 3.5 per cent of BP's crude oil production.

BP's German subsidiary has been making a loss chiefly because it has excess refining capacity and no access to subsidised cheap German crude oil. BP and Veba, Germany's biggest energy company, found themselves together in this predicament and worked out the Gelsenberg deal as a result. It will bring BP 7.5m tonnes of oil sales to the consumer but only half as much refining capacity. It will boost BP's share of the German oil market from 11.5 to 16 per cent. The big attraction for Veba is a guaranteed supply of BP crude from the Middle East—an important extra for a country as poor in indigenous energy as Germany.

Profits of BP Chemicals have suffered of late in the slump that has afflicted the whole of the European chemical industry. As with the Gelsenberg purchase, the deal with Union Carbide will secure BP a far bigger captive market for its output of basic petrochemicals, giving it its first foothold in the low density polyethylene and Continental ethylene oxide businesses. BP's top management make it clear that the benefits of this deal are less certain than the quick return BP should make on its investment in Gelsenberg.

Nicholas Colchester

The bid to build up BP Chemicals

BY KEVIN DONE

FOR MANY months BP Chemicals has been worried about its vulnerability at the "heavy end" of the petrochemicals business. Its decision, announced yesterday, to invest $400m (£220m) in acquiring almost all of Union Carbide's remaining chemicals plants in western Europe has arisen above all from a desire to protect its existing investment in markets that have been badly undermined by overcapacity, weak prices, and falling profitability.

As the chemical arm of a major oil company it is not surprising that BP Chemicals has concentrated its growth in recent years on bulk commodity products, the base petrochemicals that are produced in hundreds of thousands of tonnes, like ethylene and propylene. They are the chemicals that come nearest in scale and technology to the oil industry.

But the approach has been badly flawed. In a cyclical industry the traditional chemical companies, such as ICI, Hoechst or Du Pont, can count on gaining some protection from economic squalls through their widely diversified and specialist product ranges. They produce thousands of products, from paints and fertilisers to pharmaceuticals, synthetic fibres, plastics, dyes, and detergents and have usually built up a broad geographical spread of operations.

But BP Chemicals is neither specialised nor broadly based. As Mr. Len Burchell, the company's managing director, said recently: "We do not have the protection of a sufficient diversity of chemicals activities which will go on providing profits when other parts of our business are having a bad time."

BP Chemicals' chief business sectors, petrochemicals and plastics, are now suffering from chronic overcapacity across Europe. "All of this," Mr. Burchell said, "has led to a near collapse of prices and consequently of profits and cash-flow."

The start towards solving some of these problems appeared in March in the shape of an approach by Union Carbide, one of the biggest U.S. chemical companies. Union Carbide has also had its share of difficulties. Its high growth and high investment strategy of the past few years has not been a success and it has embarked on a major reorganisation of its activities. BP and Union Carbide were able to do business together quickly because their problems are closely linked. BP Chemicals has a heavy investment in base petrochemicals, particularly ethylene plants, which are at the heart of a modern petrochemicals complex. Ethylene is the most important petrochemicals building block and is the raw material for products ranging from fibres and plastics to anti-freeze and detergents.

But BP has only a small stake in the more sophisticated downstream products. It lacks a well integrated range. Union Carbide has no ethylene capacity of its own, it only has the user plants, such as plastics units for low-density polyethylene at Grangemouth in Scotland and at Antwerp in Belgium, and ethylene oxide and glycol plants in Antwerp, products that are processed into anti-freeze and solvents.

Union Carbide has looked for three years at the possibility of building its own cracker (ethylene plant) on the Continent or in Britain, Mr. John Luchsinger, senior vice-president of Union Carbide Europe, said yesterday. But it was decided that the investment just could not be justified. At the same time the company found that it could no longer compete with fully integrated chemical companies that have both ethylene and ethylene-derivative plants.

Union Carbide has been caught with fixed price long

Mr. Len Burchell, managing director of BP Chemicals.

term contracts with its ethylene suppliers, BP in Scotland, and Gulf and Petrochim in Belgium, at a time when ethylene prices generally have been falling. Moreover, one of its major plants, the 110,000 tonnes a year polyethylene plant at Antwerp, was wrecked by an explosion in 1975.

To hold its place in the market it has had to use the costly expedient of having its ethylene processed for it by other producers. With the cost of plant re-building—the polyethylene unit is being commissioned now and should be in production in the third quarter of the year—and other extra costs, Union Carbide has been losing money on its Continental chemical operations. It decided the best option was to sell.

Union Carbide's remaining businesses in Western Europe, in such areas as batteries, carbon electrodes and industrial gas, will have sales of some $900m this year. (It is also negotiating the disposal of its £3m British super alloys business to Johnson Firth Brown.)

For BP Chemicals the acquisition of two of Union Carbide's subsidiaries, BXL (Bakelite Xylonite) in the UK, and Union Carbide Belgium, represents a chance for it eventually to wipe out much of its damaging ethylene overcapacity, an improvement which would give it a position almost unique in Europe. It will also give it access to more specialised sectors, especially in low density polyethylene in which Union Carbide is one of the few companies to have a high-technology presence.

Its plants in Antwerp are geared to produce high quality products for the wire and cable industries rather than for the more normal uses in plastic wrapping film and moulded products such as buckets and bowls. To this end BP is also acquiring Union Carbide's chemicals division's laboratory facilities in Geneva.

The combined businesses it is taking over will add some $300m worth of annual sales to its present turnover of around £661m world-wide. BP Chemicals has been anxious for many months to spread its wings in Western Europe. It has a dominant presence in the UK, but on the Continent it has been constrained by the nature of its two biggest activities, the joint ventures in Germany and France. Through Deutsche BP it has a 50 per cent interest in Erdoelchemie with Bayer, and through SFP BP it owns 43 per cent of Naphtachimie with Rhone Poulenc.

BP came to these partnerships as an oil company, long before it conceived aspirations to be a fully fledged chemicals company. The result is that it brings the petroleum feedstock to the partnerships, but Bayer and Rhone Poulenc take away the chemicals. BP started out in the same way in the UK when it formed British Hydrocarbon Chemicals with Distillers. Distillers had been fermenting alcohol for more than 80 years, when BP joined it, and had already built up a presence in plastics and other chemicals. The first BHC plant was commissioned in 1951.

Again BP brought the petroleum feedstocks, but compared with Bayer and Rhone Poulenc its UK partner was a small concern in the world industry, and BP was able to buy out Distillers' chemicals interests, when it reached the point of having to embark on a massive investment programme in order to build up a presence in base petrochemicals.

Now with its latest acquisitions BP is finally consolidating its presence as a chemicals company of some substance in the European market. According to Mr. Burchell, "the Carbide package fits like a glove."

BP currently has a great surplus of ethylene capacity, and to make matters worse a new 500,000-tonnes-a-year cracker built jointly with ICI on Teesside is due on stream early next year. But the Union Carbide deal secures downstream plants in Antwerp which at full capacity will consume 250,000 tonnes a year of ethylene.

For the future the Antwerp site is at the end of the European ethylene pipeline grid system, which should give BP great added flexibility in arranging swap deals with its competitors. Such is the uncertainty of the industry in western Europe at the moment that BP has been approached with offers of several other possible acquisitions. But it could be a long time before this £220m package has been profitably digested.

What it means in Germany

BY JONATHAN CARR

THE SIGNIFICANCE of the agreement between BP and Veba goes well beyond co-operation between two major British and West German concerns — important though that is. The deal provides part of the answer to a question which has exercised German politicians and industrialists alike: how can West Germany, the European Community's major economic power which is none the less poor in energy resources, develop co-operation with the community's major oil producers?

The occasional German-British sniping within the EEC Council of Ministers during energy policy discussions could lead one to conclude that little progress was being made. In fact there was progress, but in other forums.

A first step came with the taking of a substantial stake in the North Sea Thistle oil field by Deminex, the German exploration concern in which Veba has a 54 per cent stake. This gave Veba (in which the German Government with 44 per cent is the biggest single shareholder) direct access to oil sources which will greatly improve its results and help safeguard Germany's future energy needs.

Under the new agreement with BP, Veba is assured of further oil supplies—a minimum of 3m tonnes annually up to AD 2000 at competitive prices. (For comparison Germany imports about 90m tonnes of crude oil.) Under present oil surplus conditions all this may not seem particularly important. Indeed, it is conceivable that Veba may not at first take up its whole apportionment. But executive chairman, Herr Rudolf von Bennigsen-Foerder, is convinced that he must provide now for future oil scarcity. The Government shares this view.

How much better, it is said in Bonn, to seek to act as far as possible with a European ally and friend. The agreement with BP will not of course solve the whole of Germany's future oil supply problem. But it is a step in the right direction.

This long-term assured access to more crude oil is the first—and most important—benefit from the deal for Veba. The second is a reduction of its surplus refining capacity, through the sale of its subsidiary, Gelsenberg, to BP with effect from the start of next year.

Veba has been acting since 1974-75 to reduce capacity; this is a step in the same direction. By giving up Gelsenberg, Veba is also losing the Gelsenberg stakes in refineries in Bavaria and Baden-Wuerttemberg. This means a reduction of 5.3m tonnes of refining capacity. The upshot should be that Veba's remaining refineries will be able to work to roughly 85 per cent capacity instead of the present level of 60-70 per cent.

Simultaneously, Veba intends to step up its activities in the chemical and petrochemical fields. This move had already been foreshadowed by Veba's recent taking of a 62 per cent stake in Chemische Werke Huels. Now, with the DM 800m (about £208m) from the BP deal, Veba will be in an even stronger position to invest in what it believes to be more profitable sectors.

The benefits for Veba are thus relatively clear cut. But what is BP getting for its oil commitment and its money? First, and most important, it will be receiving greatly improved access to the German market via the takeover of important sectors of the Hugo Stinnes organisation, the services, trading and transport arm of the Veba group.

In all BP should gain access through Stinnes to enterprises with about DM 5bn turnover, a greater share of the German fuel trade and to a network of about 1,000 petrol stations. This should greatly strengthen the base of BP's German operation, Deutsche BP, which last year made an overall loss of more than DM 50m.

Furthermore, BP will be acquiring a stronger footing in the natural gas sector. With

Herr Rudolf von Bennigsen-Foerder, executive chairman of Veba.

Gelsenberg it also gains a 25 per cent stake in the profitable Ruhrgas, the country's largest natural gas distributor. Veba regrets the loss of the valuable holding from the purely financial point of view, but the gain from the overall deal made it worthwhile.

Two points remain, the whole transaction does not imply a cut in surplus refinery capacity in Germany—and in Europe—as a whole. Part of Veba's surplus has been transferred to BP, not removed. Further it may be asked whether Veba's long-drawn out takeover of Gelsenberg a few years ago in order to build up a strong German oil company was justified in view of the latest deal. But from Veba's viewpoint the answer is that without first acquiring Gelsenberg, Veba would never have been in the position to conclude an agreement such as that with BP from which it expects a striking improvement of its structure and prospects of profitability.

It is clear that the BP deal is far from the last co-operative venture between Veba and Britain. Veba sources say the company has been having talks with the Government for some months on prospects for investing in the petrochemicals sector in Britain. The discussions are said to be going in the same fruitful and co-operative atmosphere in which the BP-Veba deal was carried through.

Letters to the Editor

Exchange rates

From Mr. Malcolm Samuel

Sir,—Your weekly "Economic Viewpoint" is usually the alarm clock that opens my eyes on Thursday mornings. The latest article, June 15, is no exception. I would like to make some comments on exchange rate changes.

The tendency for the ratio of value added to materials and fuel costs in manufacturing to be constant over time is familiar to students of Censuses of Production. The tendency for wages and salaries to represent a constant proportion of value added is also well-established. Such tendencies would appear to form part of the "laws of production" in capitalist societies. Although more difficult to demonstrate, it seems that these "laws" would "normally" yield constant profit margins and constant returns on capital in manufacturing industry. The habits of our parliamentary representatives, however, have produced mutations in the system—deviations from "normality" in recent years being reflected, inter alia, in wide differences between "current" and "historic" costs or in the depreciation of sterling in nominal terms.

The suggestion that like products are sold/purchased at a common price level in international markets is a refreshing reminder that purchasers tend to behave rationally. As such, it is hardly surprising that nominal changes in exchange rates and in the price of manufactured goods have roughly offset each other.

With a currency depreciating in nominal terms, the cash cost of materials and fuel inputs tends to rise in relation to value added in manufacturing industry. Balance sheet values (mainly stocks) are inflated and "cash" profits fall. In terms of total "cash" costs incurred by manufacturers, the labour cost element is likely to fall. Are we guilty, therefore, of partial thinking when we isolate the labour cost component in seeking to show advantages from currency depreciation, or vice versa?

Profitability in trading activities may very well be restored to previous levels as a result of currency depreciation, but such "gains" may be more than offset by "losses" in domestic operations. The relative stock market rating of export industries would seem to suggest that sophisticated investors may also have doubts about the total costs/benefits of currency depreciation in practice.

Malcolm Samuel.
9, Moorfields Highwalk, EC2.

Working father

From Mr. M. C. P. Hewitt

Sir,—Mrs. Jacqueline Riley's letter in today's edition (June 14) raises an interesting point for working mothers. I might add that as a working father I have a similar problem which I have solved not by employing people myself but by entrusting my children to an organisation which specialises in such matters. I have also to pay this organisation out of income taxed at the highest marginal rate and the employees of the organisation are also taxed and pay National Insurance contributions.

I have every sympathy with Mrs. Riley, or nearly every, because I still do my own housework and gardening. If she finds a solution I would be grateful for information so that I can try and reduce the burden on me of the organisation which looks after my children, a school.

M. C. P. Hewitt.
Parvus House,
62, Floral Farm,
Canford Magna,
Wimborne, Dorset.

Tyre imports

From Mr. M. Morris

Sir,—Stuart Marshall article (June 13) brings an element of lucid sanity to the somewhat hysterical reports recently published about tyre imports, particularly from Eastern Europe. Some additional information would, however be useful, as well as the correction of obvious errors.

Imports are currently running at a total of 3m units on estimated sales of 21.5m units or, 14 per cent, not 33-34 per cent as stated. Of these, 700,000 come from Comecon countries, which would account for not more than 3.5 per cent of the market.

When comparing prices, one should compare like with like. Over 50 per cent of tyres imported from East Germany are crossply tyres, whereas the national average runs at around three radial tyres for every crossply tyre sold. Crossply tyres retail at approximately half the price of radial tyres and are no longer produced by many European manufacturers. Radial tyres imported from Eastern Europe are only marginally cheaper than the lower priced "Second line" UK brands, which they have to be, to account for their limited range of sizes and somewhat old fashioned tread designs.

If Comecon tyres have any effect at all on the tyre market, it is as a competitor to remoulds offering a far more reliable product to the "poorer" motorist hard pressed by rising costs of fuel, maintenance and spare parts.

M. Morris.
2 Gordon Mansions,
Torrington Place, WC1.

Pink power

From Mr. M. J. Woodhead.

Sir,—Having a sunny roof terrace at our office which is ideal for growing tomatoes on, I thought you might be interested to know of yet another, and as yet unpatented, use to which I have discovered the Financial Times can be put to solve the great problem of week-end evaporation of moisture from gro-bags. The technique is as follows.

Spread the FT out on the floor so that the two middle pages are in view. Then extend each double spread four to six inches sideways, roll up and staple into a six-foot tube. Soak in water for ten minutes and then place one end of the tube in a bucket of water placed two feet above the gro-bag. Bury the other end in the soil of the gro-bag and, hey presto, the amazing absorptive and yet non-soggy qualities of the FT combined with the scientific principle of a syphon creates a self-watering gro-bag, the bucket needing a fill up only every 3-4 days.

Other newspaper may work as well for all I know, but as the variety of tomato which I grow is Moneymaker, what other choice is there?

M. J. Woodhead.
Managing Director,
Woodhead-Faulkner
(Publishers).
8, Market Passage,
Cambridge.

As she is spoke

From Mr. Colin Willsher.

Sir,—I fear that Mr. J. L. McKeown (letters June 14) has correctly identified himself as a "linguistic paraplegic."

This is, alas, clearly shown by his misuse of the word "verbal." It does not relate specifically to the spoken word, but it is clear also from the letter from Mr. Clifford Jackson in the same issue, that "verbal" is commonly used when in fact "oral" is meant. "Verbal" means "in words," which can be written or spoken.

Mr. McKeown's affliction may be worse than he thinks: it is revealed when he puts pen to paper and not just in his "particularly nasal regional accent." In fact, he may be far too sensitive about his accent anyway. If he listens carefully to those who "speak proper," he will find that the Queen's English is daily being eroded, albeit in the nicest sort of accent!

Colin Willsher.
Colzean, Haggars Lane,
Frating, Colchester, Essex.

And so on

From Mr. D. R. Hall

Sir,—I was most interested to read Mr. Duncan Neil Dewar's letter (June 12) on the absence of verbal commas and full stops in conversation. Personally, I don't object too much to the "you know" he refers to but I would appreciate hearing of other readers' observations on bte quite hideous tendency of many people interviewed on the TV to go on and on just connecting each sentence up with "and!" This kind of verbal behaviour usually comes from so-called "trendy" personalities. I suspect its origins in American conversation. Hearing such people talk gives me the impression that they are quite literally afraid of finishing one thought as one would a written sentence lest they should lose the listener's ear! I also have the feeling that I am the only person to have observed this current habit. Any comments please?

D. R. Hall.
26, Chemin de Montfleury,
Versoix, Geneva 1290,
Switzerland.

Settlements

From Mr. Frank Walkley

Sir,—Noting in today's issue (June 15) an article contributed by David Freud on the subject of same-day settlement for cheques, I hope that debts paid into the County Courts can be dealt with in this manner. My company obtained a judgment for an amount somewhat in excess of £1,600 which was paid into Huddersfield County Court on May 31, so I was informed. At the time of writing we still have not received payment from the court and am advised by telephone today that "two working weeks" are necessary under the present system before the cheque is posted to us, which is promised for June 21. The original cheque from the defendant will thus have been in their hands for 22 days. At current overdraft rates one wonders what the overall loss to industry may be on the total amount held up at any given time.

Frank Walkley,
Chairman,
F. Walkley (Clogs).
Common Road,
Birkby, Huddersfield.

Professionalism

From the Chairman,
British Legal Association.

Sir,—Mr. A. D. Roper's point about consumer protection (June 8) is a valid one.

The sacred principle which has set Mr. Reynolds-Whatsisname (who tilts not at windmills but at the marble halls of the Law Society) galloping from one court to another is, as I understand it, that one should be free to do any work one chooses irrespective of whether one has the qualification which Parliament by law demands for the doing of that class of work. A natural extension of that principle would be to say that, a fortiori, no academic institution should be able to require particular qualifications for those who aspire to teach therein. I have not heard the views of Mr. Reynolds-Whatsisname, a polytechnic lecturer in law, on that issue.

My friendly local postman is something of a sorting office lawyer and after a disastrous attempt to represent another of his ilk before an industrial tribunal, he decided that he was better suited to the calmer waters of academic life. He is frustrated in that ambition by the requirement of every polytechnic/college/university to which he has applied for a teaching post, that he should show evidence of having the particular qualifications they demand before he is allowed to teach. He has tried enlisting the support of Mr. Reynolds-Whatsisname, but as he ruefuly says, "you know what the post is like these days."

Yet another of my friends, the refuse collector, who is old fashioned enough to prefer the style of dustman, put himself up for election to a fellowship at Oxford University. He is taking up, with his union, the matter of the curt refusal. He now plans to apply for the post of Visiting Professor of Rubbish at Cambridge.

Many of our lowly clerks think that the Royal Commission on Legal Services will usher in the new dawn when, overnight they become the Sir Hartley Shawcrosses of this world, carrying all before them. My own ambition is to practise as a veterinary surgeon. Will Mr. Francis Reynolds-Whatsisname let me have a go at his cat? Perhaps he would prefer that I qualify as a veterinary surgeon. In that event why does he not qualify as a solicitor and stop boring us all?

S. P. Best.
29, Church Road,
Tunbridge Wells.

The von Hirsch sale on Tuesday: By Antony Thorncroft

Giant collectors do battle

MR. PETER WILSON, chairman of Sotheby Parke Bernet, will take up his gavel at 9.30 am on Tuesday to start the most important auction in his long career and maybe in the 200 years' history of the firm. During the following week 750 works of art collected by the late Robert von Hirsch will be sold for at least £8m. The grand total could well exceed £10m.

In cash terms the sale will certainly set a record, although in real terms the dispersal of the contents of Hamilton Palace in the pre-inflationary late Victorian days will remain unrivalled. It makes the auction at Mentmore Towers, Lord Rosebery's Buckinghamshire home, which Sotheby's organised last summer, look almost small.

There are striking contrasts between the two auctions. Whereas the Mentmore Towers sale was held in a very English setting, in a large marquee in the grounds of a vast mansion, and represented the remnants of a collection built up over many generations by two rich families—the Rothschilds and the Roseberys—the von Hirsch collection will be dispersed in Bond Street and represents the buying of one man, a German who fled from Nazi Germany to settle in Switzerland. The works on sale vary tremendously, too. Mentmore reflected Victorian taste in its large items of 18th century furniture, its tapestries, its strongly French flavour, while von Hirsch specialised in intimate items that could be displayed in a relatively small house, with a concentration on medieval works of art, Old Master drawings, and the more pictorial Impressionists. Finally, all of the von Hirsch collection is to be sold and will be scattered throughout the world. At Mentmore the family retained many of the best pieces, and the Government stepped in to keep certain important national treasures in the UK.

Whereas Mentmore reflected the British origins of Sotheby's and its success in the last 30 years in getting close to the British landed gentry, who traditionally had dealt with Christies, von Hirsch reflects Sotheby Parke Bernet, the international auction house which derives as much of its £122m annual sales from overseas as from London. The company had been valuing von Hirsch's collection for some time, so it was no surprise that it was called in by his executors when he died, aged 94, last November, to price the estate, and then, acting according to his will, to sell the collection. For von Hirsch wanted it to be distributed through an open auction.

Three sales

A remarkable aspect of the von Hirsch collection is that it was amassed in so relatively short a period. Von Hirsch was born in Frankfurt in 1883 and as a young man entered his uncle's leather company which formed the basis of his personal fortune. He bought his first painting in 1907, a Toulouse Lautrec; his second was *Scene de rue* by Picasso. But the heart of his collection, and by far the most interesting part, was acquired in the late 1920s and early 1930s when three remarkable sales of medieval and Renaissance works of art occurred — the Hohenzollern-Sigmaringen, the Guelph, and the Hermitage sales, the latter organised by the Russian Government and disposing of some of the greatest treasures of Czarist Russia.

In 1933 von Hirsch applied to leave Germany, with his collection. This was permitted, but only after he had agreed to leave one work, the Judgment of Paris by Cranach, to Goering. (It was returned to him in 1945 and bequeathed to the Kunstmuseum in Basel.) It was in Basel that he spent the remainder of his life. Shortly after the war von Hirsch married the sculptress Martha Dreyfus Koch and she influenced his artistic taste, especially in the direction of 20th century art which had stopped with the purchase of the Picasso. The most distinctive feature of the collection was its intimacy: it was displayed in a comfortable but far from ostentatious house, the walls covered with immediately attractive and accessible pictures rather than grand momentous pieces.

Once it was given the sale of the century, Sotheby's moved quickly. London was regarded as the ideal spot, "a neutral ground for battle to take place between the continentals and the Americans," according to Mr. Marcus Linell, joint managing director of Sotheby's and the man who has organised both the Mentmore and the von Hirsch auctions. But there is more to it than that. London is still the centre of the international art market. New York may be challenging it as a place to sell impressionist and modern art; silver and jewels sales may fetch higher prices in Switzerland; Monte Carlo is coming up fast for objets d'art. But London has the best academic tradition as well as the headquarters of Sotheby's and Christies, the two largest firms of auctioneers in the world.

So London was the obvious choice for the medieval works of art and for the Old Masters, and a good choice for the impressionists, especially as, rather to the surprise of Sotheby's, the same buyers may be in the market for both. It was thought that museums and galleries from the U.S. and the Continent, and in particular Germany, would compete for the medieval works, while private collectors would be interested in the impressionists which are of the kind that look well on the dining room wall but do not necessarily excite historians of impressionism. But when inquiring around the museums as to which sales they would like reserved places for (this is not the kind of auction where members of the public can expect a good view of millions of pounds changing hands) Sotheby's discovered a great deal of interest in all the works of art on offer. Many extra rooms are being set aside for the sales so that the less likely buyers can follow the action on monitors and bid through subsidiary auctioneers.

Sotheby's is coy about putting estimates on many of the rarer items—mindful perhaps of the 18th century painting it catalogued as by Van Loo at Mentmore, and valued at around £5,000, which is now considered to be a Fragonard worth £200,000 plus. But the main hesitancy here is not over correct attributions but because of the rarity of many of the items, especially the medieval works of art. Nothing similar has appeared on the market since the great sales of almost 50 years ago, and many museums are known to be very keen to buy. When old and beautiful items do appear they fetch very high prices—last year Sotheby's auctioned an hitherto unrecorded Carolingian ivory which was expected to make £80,000, and in the event sold for £255,000. In the von Hirsch sale there are much finer objects and with a long and verified history.

For example one lot consists of an enamel armillae, or arm ornament, which probably formed part of the coronation regalia of the 12th century Emperor Frederick Barbarossa. It is one of a pair (the other is in the Louvre), given to Barbarossa by a Russian embassy in 1165. They soon returned to Russia and remained there until the Soviet Government sold off some of the treasures of the Hermitage Museum in Leningrad in 1933. That was when von Hirsch acquired it. Its rarity makes it almost priceless, but Sotheby's expects bids of £500,000, give or take a few hundred thousand. In the same category falls an English gilt altar candlestick of the early 12th century: only three similar romanesque candelesticks are known to survive. It, too, was in the Hermitage and will fetch many hundreds of thousands.

Popular

Then there is the bronze mount from the Souvigny Bible in the library at Moulins. There is a popular movement in the French town to raise the money to buy the mount, and put it back on the bible with its six early medieval fellows. A mid 11th century Byzantine ivory relief of Christ in Majesty, perhaps brought to the West after the fall of Constantinople in 1485 and almost certainly acquired by Pope Julius II, will also greatly excite the art historians.

Apart from the beauty of the items, and their great rarity, the fact that maany were produced in what is now Germany will ensure high bids from some of the best funded museums in the world. In the last few months Sotheby's has been displaying the finest pieces in Germany and Switzerland.

Among the pictures the top price, £500,000 or so, is likely to be paid for the Branchini Madonna by the early 15th century Italian artist Giovanni di Paolo. A rare watercolour by Durer, one of only 30 water colour landscapes by the artist known and the last to remain in private hands, should also do well.

The undoubted winner at the sales will be Sotheby's. It cannot expect its usual 10 per cent. commission from the seller on an enterprise of this size, but it will have negotiated a fee for its work in handling, insuring, and exhibiting the collection, and printing 40,000 catalogues which at £40 a set are costly, but should become even more valuable. It will also get a 10 per cent premium on the knock-down price from the buyers.

But there is more than revenue involved in a sale of this kind. The prestige is enormous, and Sotheby's pre-eminent position will be confirmed. In addition, just as Mentmore established a new level of higher prices for 18th-century furniture, the prices at the von Hirsch auction will give market guidelines not only for the rare collections of medieval works of art that might be tempted into the open, but also create more confidence in impressionist paintings, which have been in the doldrums in recent years but recently shown signs of life.

The timing of the von Hirsch dispersal is good. The art market follows the state of the economies of the major western nations and Japan, where the mood is more optimistic than in the immediate past. In this sale there is little of the British national heritage involved: it is a tribute to the past collecting habits of the British aristocracy which made London the hub of the very international art world.

Christ in Majesty: a Byzantine ivory which may fetch £500,000.

Weekend Brief

Flight plans

In a few days' time Scandinavian tour operator Tjaereborg will be having a modest party to celebrate a successful first year of operation in the UK and lift the curtains on a new and much enlarged programme. No travel agents will be invited, which is hardly surprising since this huge holiday combine's as yet small UK offshoot avoids the retail trade and sells direct to the public. Tjaereborg's anniversary coincides with the birth plans, and doubtless backstage pangs, of Stockholm-based Vingresor, which is in the final stages of preparation for its launch in the UK. Again it will be direct sell and again the UK travel business establishment is not amused.

Vingresor is no midget in the travel business. It is a wholly owned subsidiary of the airline SAS and last year grossed $103m, which would appear to give it plenty of muscle for the acknowledged high costs of setting up any direct selling marketing operation. Heading the UK operation is Alan Sinclair, a youthfully buoyant Briton whose working knowledge of business Scandinavian style comes from several years of running the Tor Line business in the UK.

High on the list of priorities for Sinclair is finding someone to fly the passengers he hopes to attract when holidays start next summer. Charter flights can normally only be operated by the airlines of the nations generating or receiving the passengers. Thus the Vingresor clients must travel on British or Spanish jets for their holidays in Majorca. Parent SAS can only be called in when the trips are to Scandinavia (which some will be).

Finding airline seats these days is no easy matter, which is why UK operator Intasun, headed by the tousle-haired Harry Goodman, has just raised £18m in Japanese and American money in order to buy enough Boeings to start its own airline. Intasun, which sells mainly through agents, says there will be no room on its flights for Vingresor clients, so Sinclair will have to look to more traditional suppliers like Dan Air (with flights for Tjaereborg) or even British Airways.

When UK holidaymakers get their first Vingresor brochures they are in for a few surprises. If they follow the Scandinavian pattern the holiday details will contain such normally hidden secrets as when the hotel was built, when it was renovated and even its telephone numbers. The price list is published separately and changes according to demand—try to book a month before departure and you may pay a fake price, try a few hours before and you could get a bargain basement deal.

At the moment the British travel industry is enjoying one of its best years ever and there is a measure of confidence about an ability to deal with these invaders—but it could make for an interesting marketing battle next winter.

Vingresor's Sinclair: ready for take-off

Food for thought

One of the more remarkable aspects of these straitened times is the impressive vitality of the expensive end of the London restaurant business. Quality, apparently, still pays. Nonetheless the coincidental opening in recent weeks of two cheek by jowl operations which between them have left their owners little change from £350,000 adds another dimension to the tale.

Promising the "best in French cooking" elegant Iranian restaurateur Farnia Djavadi has put a quarter of a million into turning the basement of the Aeroflot offices in Piccadilly into an intimate eaterie of considerable opulence, and expensive art deco charm called Les Ann'ees Folles. Not to be outdone our old friend Alan da Costa has sunk £100,000 into revamping what was once the Caprice into the Arlington and waving the home flag byr offering the best of British. "There is an overflow of restaurants in London representing almost every nationality except our own," reckons da Costa.

The two are not likely to be rivals since they are so different, both have their eyes cast back in fashionable nostalgia. Djavadi's prices are faintly Parisian, with a meal for two likely to cost around £35, while Da Costa's offerings from the London of the 1930s came a little less pricey. Determined testers of the restaurant scene (Mr. Ronay's man was working away determindly in Les Ann'ees Folles the night I was there) might try the Arlington for lunch, Les Ann'ees Folles for dinner and see how the tourists live.

Fund raising

Remember Mentmore, and its arts treasures' Sale of the Century in the middle of last year? Remember the £18m National Land Fund, which went into an identity crisis over the auction? The Treasury-controlled Fund, which acquires heirlooms in lieu of tax, might have bought Mentmore completely for around £2m, but couldn't because that would have infringed public spending guidelines during the squeeze.

The 30-year-old Fund swung back into prominence this week with the publication of an MPs all-party committee report on its history, functions and prospects. And the identity issue reared its head again too.

The MPs called for the Fund, set up originally by Hugh Dalton to buy a war memorial, to be completely remodelled as an independent contingency fund to help preserve the nation's heritage. Its name should be changed to the National Heritage Fund and it should be run by independent trustees.

The committee also urged that payments from the Fund should not be treated as public expenditure. There had been a once and for all payment by the State in 1946 but subsequently the Fund had been self-financing, living mainly off the yield on Government securities, the MPs said.

The Treasury should stop accounting for the Fund as part of the State's spending. It should also return the £50m. lost when the Fund was written down to £10m. 20 years ago.

MPs were clearly in fighting mood at the Press conference for the report. Comments like: "The issue is not what the Treasury wants but what the Commons will decide" and "We want to take away the judgment of artistic merit from Whitehall" were thrown around fairly freely. The Committee planned to press for a debate on its proposals, and to badger the Treasury into submission.

But the Treasury will prove a tough nut to crack, judging by the rumblings from Whitehall.

The mandarin view seems to be that when the Fund acts, there is a transaction between the public and the private sector—public expenditure. Fund spending programmes are built into the Treasury long-range forecasts. The Treasury view has not altered since Mentmore.

Such knotty problems of defining exactly what the Fund is, and does, are characteristics of the shadowy life. Twenty years ago, Enoch Powell said it was non-existent, until it did something. Recently, Baroness Birk, Under-secretary for the Environment, compared it to an enormous piggy bank, whose keys were then hidden in a series of Chinese boxes.

"The Fund seems to be rather mythical. It comes and it goes: it is there, and it is not." she said.

The Fund may die of its own accord in the next few years. It is starting to run at a loss, and could be worth well under £10m by the early eighties.

Unless, of course, it was topped up again now, in which case the whole issue could be raked over again shortly, if the remodelled and relabelled operation then asked the State for more money.

High Flier

Locals warn you to go early, preferably being on the doorstep when the place opens. The warning is understandable, since the National Air and Space Museum in Washington, just about to celebrate its second birthday, is reckoned to be the most popular in the world. In its two years of existence, it has been visited by over 18m people.

Yet the truth is the museum handles its huge clientele superbly well: an object lesson to such institutions everywhere. America's massively expensive efforts to get men into space and on to the Moon, inaugurated by President Kennedy at the beginning of the 1960s, may have been apathetically viewed elsewhere, but it is obvious that Americans take tremendous pride in their country's extraterrestial exploits.

For, among the exhibits, it is the space hardware that grabs the attention. There is a double of the command ship which circled above the first Moon visitors, carrying astronaut Michael Collins, who these days is the director of the Air and Space Museum. And then, best of all, a standby twin of the Apollo mission landing vehicle, spindly and covered with what looks like well-crinkled golden baking foil—actually reflective material to soak up solar energy.

You can run your finger over a piece of genuine lunar rock, though at the current rate of visitors, the U.S. will have to send someone else to the Moon pretty soon before the celebrated chunk of dark grey matter is eroded altogether.

Away from the space technology, the museum is stacked with historic aeroplanes, including the Wright Brothers' original 1903 Flyer and Lindbergh's *Spirit of St. Louis*. Looking almost ancient in this jet age is an eight-ton Douglas DC3, which is suspended 35 feet above the floor.

Anyone who has visited London's Planetarium would find few surprises in the Einstein Spacearium, with its typically folksy, Walt Disney-type conducted jaunt round the universe and its star systems. But in another part of the museum, crowds queue patiently day after day to see what may rank as the most breathtaking film ever made. Called *To Fly*, and lasting about half-an-hour, it is shown on a five-storey high screen, and the views from and of all manner of flying machines leave audiences dazzled and dizzy.

To see that film and visit the planetarium costs adults a modest 50 cents: entry to the museum generally is free. Once you're a veteran of Washington's air and space spectacular, the Victoria and Alberts of the world seem tame indeed.

Contributors:
Arthur Sandles
Christopher Dunn
and Nicholas Owen.

Economic Diary

TODAY—Prime Minister at Labour Party rally, Brecon. Two-day OPEC Ministerial conference opens, Geneva.

SUNDAY—National Savings monthly progress report (May).

MONDAY—Basic rates of wages and normal weekly hours (May). Monthly index of average earnings (April). Cyclical indicators for the UK economy (May). EEC Finance Ministers meet, Luxembourg. Three-day Ministerial meeting of EEC Agriculture and Fisheries opens, Luxembourg. Mr. Albert Booth, Secretary for Employment, addresses International Labour Conference, Geneva. Confederation of Health Service Employees opens, Scarborough.

TUESDAY — Unemployment figures (June—prov.). Bank of England quarterly bulletin. New construction orders (April). Gross domestic product (1st qtr.—prov.). Union of Independent Companies' statement on industrial strategy.

WEDNESDAY—Mr. Denis Healey, Chancellor of the Exchequer, meets delegation from British Institute of Managers at working dinner, Downing Street. House of Commons debates housing. Monthly meeting of CBI council.

THURSDAY—President of Cyprus Spyros Kyprianou arrives in UK for talks with Prime Minister. Scottish Liberal Party conference opens, Perth. Sir John Methven, director general, CBI, addresses annual meeting of Engineering Industries Association.

FRIDAY—Statement by President of Cyprus. Mr. David Steel addresses Scottish Liberal Party conference. Mr. Eric Varley, Industry Secretary, at Industrial Strategy Conference, Glasgow. Engineering sales and orders (March). Bricks and cement production (May). New vehicle registrations (May).

COMPANY NEWS

UK boosts Pilkington to over £71m—100% scrip planned

A MARKED increase in total sales and trading profits by the UK companies in the second half over the first six months at **Pilkington Brothers** helped total taxable *earnings for the year to March 31, 1978,* jump from £62.7m to £71.7m. Also a one-for-one scrip issue is planned.

Trading profit for the year moved ahead to £42.6m (£36.5m) with the UK contribution up from £23.5m to £28.9m. The outcome overseas was marginally better at £13.7m (£13m).

External sales were ahead from £390.1m to £469.5m with the UK companies accounting for £316.9m (£243.8m) and overseas companies for £202.9m (£188.2m), less sales to group members of £50.3m (£4.9m).

The directors say that the future should be rather better as confidence grows.

After tax of £36.3m (£29.5m) earnings per £1 share are stated at 54.9p (51.3p) *and the net total* dividend is stepped up to a maxi*mum permitted* 11.325p (10.482p) with a second interim of 5.765p. If the basic rate of tax is reduced a further small distribution will be made with the payment on August 17 or as a supplement in February 1979.

The total group trading profit of £42.6m (£36.5m) is after charging £39.4m (£33.1m) for the depreciation replacement of fixed assets at current values. If the depreciation charge had been related to historic cost, the charge would have been reduced by some £20m, the directors say.

Sir Alastair Pilkington, chairman of Pilkington Brothers—a better future as confidence grows.

In 1976-77 the weakness of the pound boosted the sterling proceeds from licensing. This time the rise in the exchange value had the opposite effect but the total income continued to increase to £32.8m (£30.5m).

Capital expenditure amounted to £49m (£38m) including investment in new subsidiary and associated companies. The major part of the spending was in the UK where construction has included production facilities for the triplex "1020" process and a wet-tissue plant for Regina-Fibreglass.

The total net assets employed at March 31 were £540m before deducting bank overdrafts, and loan capital was £102m.

Results from the flat glass and glass fibre operations were good and safety glass products finished on a strong note after some earlier disappointments, and there was a good performance from a new member of the group, Barr and Stroud.

Elsewhere in the optical division results were affected by a lower level of activity in the ophthalmic industry.

However, overseas trading results from the flat glass manufacturing companies was generally disappointing—except from the subsidiary in Argentina and associate in Mexico.

The new float glass plant in South Africa came into production at a time of reduced demand and although Pilkington Floatglas AB has now firmly established its position in Scandinavia the growth of sales has been hampered by poor economic conditions in that area.

Most safety glass companies have maintained their profitability and the group's glass fibre company in India has had another excellent year as did the safety glass fibre associate in Canada.

See Lex

Ferguson rises to peak £1.6m

WITH HIGHER fourth quarter profits of £380,155 against £238,168, **Ferguson Industrial Holdings** ended the year to February 28, 1978 at a record £1,618,135 pre-tax, compared with £1,031,168 last time. Sales grew from £31.47m to £41.1m, after £10.63m, against £7.72m, in the last quarter.

Mr. Denis Vernon, the chairman, reports that the group has again made a promising start to the current year, with sales of £8.1m in the first two months.

A divisional analysis of full year sales and trading profits of £1.91m shows: building supplies (excluding Ireland) 66 per cent and 36 per cent, building supplies (Ireland) 9 per cent and 10 per cent, engineering supplies 13 per cent and 27 per cent, engineering 7 per cent and 18 per cent, and printing (second half only) 5 per cent and 9 per cent respectively.

The post-acquisition portion of Hindson Print Group's profits amounting to £154,636, has been regarded as trading profit, whereas prior to acquisition the relevant profits were treated as income from associates.

The pre-tax result was struck after lower interest of £422,072 (£549,284), employees' profit sharing of £104,654 (£82,993), and included £234,958 (£252,718) from associates.

After tax of £617,301 (£349,829) stated earnings rose from 13.1p to 15.2p per 25p share and the dividend total is the maximum permitted 6p (5.428p) net, with a final of 3.9p. Payments absorb £429,881 (£231,445) leaving retained profit up from £429,894 to £570,663.

The chairman points out that as a result of increased trading and the revaluation of all group freehold and long leasehold properties, a gross liability in excess of £2.2m would appear in the 1977-78 group balance sheet, if the policy of providing in full or deferred tax were to be continued.

However, the directors are of the opinion that the amounts provided in respect of stock appreciation relief and potential tax arising from surpluses on revaluation of properties will not be payable in the forseeable future and therefore have revised their policy of accounting for deferred tax.

As a result, £888,000 of the liability at February 28, 1977 has been transferred to reserves and 1976-77 comparative figures restated. Group accounts will show net assets of 107p (100p) per share.

● comment

Around £1.5m pre-tax was expected for the full year from **Ferguson Industrial Holdings** at its third quarter stage in January. But the group has topped this figure in spite of a poor performance from building supplies in the last quarter due to bad weather in January and February. What is significant for the group is its gradual shift away from a heavy dependence on building supplies which now account for 46 per cent of profits, compared with 59 per cent, although the share is only fractionally reduced—from 77 to 75 per cent—at the turnover level. The process could be speeded up in the current year as Ferguson looks out for suitable acquisitions to broaden its trading base. Meanwhile the post acquisition profit of Hindson Print of £134,636 contributed in the second half helped offset the building supplies setback. At 109p the shares, at their high for the year, stand on an undemanding p/e of 7, with prospects promising in the current year. They yield 8.6 per cent, with two and a half times cover.

UDS set for takeover trail

RATIONALISATION OR elimination of low-return non-growth areas at **UDS Group** has created a firm base from which the directors continue to examine suitable opportunities for acquisition as an additional means of expansion, says Mr. B. Lyons, the chairman.

Taking into account the upward trend in earnings generally and direct tax cuts, personal disposable incomes are expected to show positive growth this year and the group businesses are in good shape and ready to obtain the full benefit from any upturn in consumer demand.

Taxable profit for the year to January 28, 1978, improved to £19.16m (£16.18m) on sales of £331.3m (£295.8m) and the net dividend is stepped up to 5.1p (4.8p) per 25p share.

Liquidity at year-end was down £4.34m (up £161,000) with bank overdrafts lower at £12.5m (£17.34m) and short-term loans up from £0.98m to £12.30m. Future capital spending amounted to £10.28m (£4.8m) of which £9.46m (£1.96m) had been authorised but not contracted.

Contributions of £83,727 were made to UK charities. No payments were made to political parties.

An analysis of sales and taxable profit by divisions shows with £000s omitted: multiple shops £114,885 (£7,839) and £103,083 (£8,440); department stores £83,247 (£6,961) and £75,848 (£5,892); home shopping £82,473 (£3,845) and £78,303 (£3,223); and export and overseas £48,884 (£3,858) and £35,803 (£3,343), together with property and investment income of £1,933 (£1,721) and associated companies profit £1,190 (£743) less interest of £6,268 (£7,184).

ISSUE NEWS AND COMMENT

Elswick cash call to cut gearing ratio

Elswick-Hopper, the Humber-based light engineering company and distributor of agricultural equipment, is proposing to raise £752,000 from shareholders by a rights issue.

The issue of 5.45m ordinary shares is on the basis of one-for-four at 14½p. In the market the shares closed 2p lower at 20½p.

At the same time Elswick-Hopper announces figures for the 12 months to January 31, 1978. Pre-tax profits are £1,053,516 (£644,761) on sales of £12.56m (£10.41m). Earnings per share are shown at 3.59p compared with 3.24p and a final dividend of 0.5p is declared making a total of 0.9p (0.8125p).

Directors state that proceeds of the issue will be used to provide working capital required for the continuing expansion of the business and funds for future acquisitions. No specific plans are in hand for a bid but the directors' policy is to expand by take-overs.

The Board states that it is too early to make a forecast for the current year though management accounts for the first quarter show turnover up by 10 per cent.

Agricultural machinery sales in the first quarter were almost equal to the same period last year so most of the upturn is coming from the engineering division, which includes cycles.

However, the directors do state that there has been a weakening in margins.

In recent weeks there has been some strengthening of demand for agricultural equipment, and they hope this will follow through for the rest of the year.

Prospects for the engineering companies in the current year look good. It is *hoped* that Elswick Livestock Systems will make a contribution to profits this year and that Elswick-Becker, recently formed to distribute Becker equipment, will achieve a profit.

The directors are forecasting that the net dividend for the current year will not be less than 0.99p per share.

The issue is underwritten.

● comment

Elswick-Hopper's rights issue is aimed at reducing its gearing ratio after the sharp increase in debt last year. Borrowings over the year rose from around £830,000 to £2.35m and since the year end a further cash payment of £180,000 has been made in connection with the Falcon acquisition. Shareholders' funds, excluding goodwill of £1.2m, stand at £3.1m so the debt to equity ratio climbed from 47 per cent to 76 per cent. Meanwhile, profits appear to be on a dramatic upward trend but more than half of the £0.4m increase in pre-tax profits can be attributed to two acquisitions. This year the agricultural division got off to a slow start but engineering is pushing ahead both on cycles and the light engineering supplies sides. Overall further profits growth is on the cards and at 20½p the shares stand on reasonable rating—the p/e is 5.6 and the yield is 8.8 per cent. The directors are forecasting a dividend increase of a tenth so the ex-rights prospective yield rises to 7.8 per cent.

ROBINSON BROS.

Dealings start on Monday in the preference shares of **Robinson Brothers (Ryders Green)** the company which has come to the market by an unusual move of placing preference capital to raise £2m but not getting a quote for its ordinary capital which has voting control.

Brokers to the issue are Gilbert Eliott in London and Fyshe Horton Finney in Birmingham.

Southend £7m stock

The **Southend-on-Sea Borough Council** is issuing £7m of 12 per cent Redeemable Stock 1987 at £98½ per cent. It is redeemable on May 26, 1987 at par.

It is payable as to £10 on application, £35 on July 25 and the balance on October 12. Application list opens next Wednesday.

Net interest is payable half-yearly on May 26 and November 26. The first payment will amount to £2.7828 per cent.

Brokers to the issue are Grievson Grant.

● comment

The issuing house appears to have pitched the terms of Southend-on-Sea's £7m offer as tight as it could. For the authority that is obviously a good point but any weakness in the gilt market could leave the issue undersubscribed. At the issue price the running yield is 12.21 per cent and the redemption yield is 12.34 per cent. These returns are almost identical to what can be found in the market from existing stocks. So there is little incentive to apply unless market prices rise. The outcome of the offer must hang in the balance until Wednesday morning.

EXCHEQUER STOCK

The Bank of England announces that the list of applications for the issue of £800m of the 10 per cent Exchequer Stock 1983 opened and closed yesterday. The full amount of the stock offered has been allotted, all applications received from the public being allotted in full.

Second-half fall holds Woodhead under £5m

SECOND-HALF profitability declined from £3.16m to £2.64m at **Jonas Woodhead and Sons**, the vehicle suspension specialist, leaving the pre-tax figure for the year to March 31, 1978 at £4.95m, compared with £4.58m. Turnover was up £11.4m at £58.6m.

In December, when reporting higher first-half profits of £2.32m (£1.42m), the directors said they expected an increase in the full year's figure.

Tax for the year takes £2.27m (£1.92m) and after extraordinary credits of £344,000 (£278,000), attributable profit slightly fell from £2.38m to £2.34m.

The directors point out that the basis of accounting for goodwill and deferred tax has been changed and comparisons are restated accordingly.

Stated earnings per 25p share are 18.3p (10.2p), while the dividend total is effectively raised to the maximum permitted 3.79843p (3.44075p) net. Retained profits emerged as £1.77m (£1.89m).

● comment

With other motor component companies offsetting the problems in the UK motor industry with replacement parts, the market was clearly disappointed with the figures from **Jonas Woodhead**. Second half profits are down by almost 17 per cent, compared with a 64 per cent upsurge in the first six months, and the shares fell 5p to 92p. However, UK motor manufacturers seem to be sorting out their production problems so Woodhead's troubles seem only temporary. The springs and suspension division showed a small increase for the year thanks to exports, which jumped by almost a third, while there was a small downturn in engineering due to lower demand for heavy diesel engines. But a drop in profits in the automotive parts division must be a source of concern especially as the overall replacement market from the private car industry is buoyant at the moment. The shares are on a p/e of 4.8 and yield 6.5 per cent with a dividend cover of almost five.

Davenport Knitwear

For 1977 **Davenport Knitwear** expanded taxable profit from £433,299 to £625,572 with £345,572, against £262,799, coming in the second half.

The net dividend is increased to 3.96p (3.23857p) per 10p share.

Tax took £336,344 (£222,502) leaving a net balance of £289,228 (£210,797).

G. R. DAWES

G. R. Dawes Holdings (in voluntary liquidation) is to make a third distribution of 25p per ordinary share on July 10. In yesterday's report the payment date was incorrectly given as October 7.

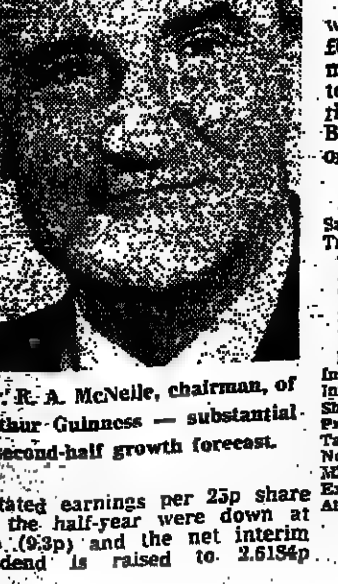
Guinness off £2.8m midway but sees second half recovery

COUNTER TO City expectations of an improvement, with trading profit from brewing dipping by £2.5m to £10.3m, total group earnings at the taxable level for **Arthur Guinness Son and Co.** for the 24 weeks to March 11, 1978, fell from £17.1m to £14.3m.

Reporting this Mr. R. A. McNeile, the joint chairman, says that brewing profits for the whole year are expected to remain lower but this shortfall will be more than made up by *improvements in the non-brewing companies* and he sticks to the forecast he made in February of a modest advance over the record £39.45m group profit for 1976-77.

The growth in the second half should be substantial and widely based with increases in profit from brewing, general trading and plastics and materials handlings as well as in the share from associated companies which at half-time was down from £2.8m to £1.9m.

The better outturn from general trading, which maintained performance at £2.5m in the first *half*, will be partly due to a change of year ends of a number of companies from March 31 to dates much closer to the holding company's year end, he adds.



Mr. R. A. McNeile, chairman, of Arthur Guinness — substantial second-half growth forecast.

Stated earnings per 25p share for the half-year were down at 7.4p (9.3p) and the net interim dividend is raised to 2.6184p (2.3804p). The final last year was 4.6387p.

The decline in total trading profit from £16.6m to £15.1m was reflected in all regions with the UK including exports, at [illegible] (£6.6m); the Republic of Ireland, including exports, at [illegible] (£4.8m) and overseas at [illegible] (£5.2m).

The £0.3m decrease overseas was after taking account of an £0.4m exchange loss. Plastics and material handling, which improved to £1.7m (£0.7m) included [illegible] this time from White Child and Beney which became a subsidiary on February 14, 1977.

	Half-year 1977-78	1976-77
Sales	[illegible]	[illegible]
Trading profit	[illegible]	[illegible]
Brewing	[illegible]	[illegible]
Confectionery loss	[illegible]	[illegible]
General Trading	[illegible]	[illegible]
Leisure	[illegible]	[illegible]
Plastics and Materials Handling	[illegible]	[illegible]
Property	[illegible]	[illegible]
Interest charges	[illegible]	[illegible]
Investment income	[illegible]	[illegible]
Share of assocs.	[illegible]	[illegible]
Pre-tax profit	[illegible]	[illegible]
Tax	[illegible]	[illegible]
Net profit	[illegible]	[illegible]
Minorities	[illegible]	[illegible]
Extraord. credit	[illegible]	[illegible]
Attributable	[illegible]	[illegible]

† Debit

See Lex

Brent Walker meets projection

AT THE 28 weeks mark of 1977 the directors of **Brent Walker** stated with some confidence that pre-tax profits for the year would be in excess of £400,000. In the event they turned in at £401,481 compared with £333,779 for the previous 12 months.

The profit represents a 20.3 per cent increase, on turnover 30 per cent higher at £6.3m.

Stated earnings per 5p share are up *from* 1.26p to 2.42p and the net dividend total is lifted from 1.12023p to 1.25121p with a *final* payment of 0.00121p.

Over the last four years the company has carried through a sustained investment and development programme to build asset strength. Projects such as the Westcliff Leisure Centre, the Three River Country Club, the expansion at Hackney and the El Salam Hotel have involved much effort but now provide the company with a secure base which will provide for an exciting future, the directors say.

And they report that the first months of 1978 allow them to expect a continuing improvement in profits.

	1977 £	†1976 £
Turnover	6,503,264	5,085,245
Profit before tax	401,481	333,779
Tax	222,427	243,899
Profit after tax	180,054	87,079
Extraord. debit	28,515	*3,308,339
Available	148,579	3,397,539
Dividends	87,594	78,416
Retained	60,985	3,318,913

† Restated on change of accounting policy for deferred tax. * Credit.

● comment

Brent Walker has just met its interim forecasts although profits in the second half were reduced to the tune of about £30,000 due to extra costs on the Cairo hotel project. But the shares at [illegible] for a p/e of over 20 are taking a longer term view and trading at the moment appears to justify this enthusiasm. The leisure centre at Westcliff is now poised to make a useful contribution after a small profit in 1977 while there will be a few months income from both the Cairo hotel due to be opened in October and the shopping precinct in Oxford Street which will open, fully let, next month. On top of this the film, "the Stud," has cleared costs and profits are starting to accrue. The big push in profits, however, may not be seen until 1979.

BIDS AND DEALS

Johnson Firth picks up Union Carbide's superalloys division

BY JAMES BARTHOLOMEW

Johnson Firth Brown joined BP yesterday as a buyer of companies discarded by Union Carbide, the American plastic and chemicals group.

JFB, a leading special steels company, is negotiating to buy Union Carbide's superalloys division *for an undisclosed sum* believed to be in the region of £2½m.

The division manufactures nickel, cobalt and iron based alloys which have applications in aircraft engines, oil pumps, nuclear power and defence.

JFB wants to buy it in order to maintain its position in the more specialist areas of metals. JFB thinks that the aerospace applications in particular look promising at the moment and the Union Carbide alloys can be worked on by JFB's new £10m plus GFM machine which will be commissioned this year. In this sense JFB is buying volume for *its major investment in capital* equipment. The superalloys division had turnover of about £5m in its last financial year and made profits of the order of £½m.

Union Carbide does not own such a machine and this explains its sale to some extent. A spokesman for UC said yesterday that the division needed facilities for hot working and this, together with a requirement for high-technology research, would mean a large capital investment not warranted by the size of the market.

JFB, on the other hand, can give the UC division the benefit of its big established metallurgical laboratory.

NEWMAN OFFER FOR WOOD AND SONS WORTH 60p

Newman Industries' formal offer for earthenware and packing material manufacturers Wood and Sons (Holdings) is worth 60p per share in preference stock and values the whole company at £2.4m.

The terms of the offer announced yesterday are three Newman 10 per cent cumulative preference shares of £1 each for every five ordinary Wood shares. The middle price of the preference shares has recently been 100p. Newman advisers Guinness Mahon is to underwrite them at 93p per share. Newman already owns 407,500 Wood shares (10.2 per cent).

Newman, the electric motor specialist and manufacturer of pottery and castings, considers that integration of the two companies will be mutually beneficial.

The Stoke-on-Trent based Wood yesterday declined to comment on the formal offer but last week it stated that it preferred to remain independent.

Both companies achieved higher earnings last year and are optimistic about their prospects this year. Group pre-tax profits at Newman rose from £1.6m to a record £4m in 1977 while Wood made *pre-tax profits* of £253,159 last year compared with £209,692 in 1976. Wood's net tangible assets at December 31, 1977 were £1.4m.

Early this year, Newman acquired a 31.2 per cent stake in Dutch-based industrial fasteners group Avdel International for £2.4m with an option to acquire the remaining shares.

Reed's £17m. N. American deal

Reed International, the paper, paint and newspapers group which incurred a loss of £16.8m after tax and extra-ordinary items in 1977-78, has bought the wall-coverings, paint and fabrics business in the U.S. and Canada of its Canadian subsidiary, Reed Paper, for C$35m. (£17.1m).

Last year Reed Paper itself incurred heavy losses, which accounted for much of those returned by the parent group.

The C$30m deposit received by Reed Paper from Reed International, which was announced on April 27, will be applied to the purchase price and the balance will be settled by a reduction in *inter-company* loans.

The deal has been approved by the Boards of both companies, after consideration of an independent valuation of the businesses involved by Clarkson Gordon, the Toronto accountants.

BARCLAYS BANK INTL. REDUCES TKM STAKE

Barclays Merchant Bank and Lazard Brothers and Company, have arranged, through De Zoete and Bevan, the placing of 1.9m ordinary shares of TKM (some 3.8 per cent). The placing has been arranged on behalf of Barclays Bank International.

The decision to reduce BBI's *holding from 13.8 per cent to just below 10 per cent of the ordinary* capital of TKM is in line with BBI's *policy* of reducing minority interests in non-banking companies in the light of the complexity of overseas banking legislation.

BBI has no present intention to reduce further its remaining holding of 4.98m shares in TKM.

Assoc. Biscuit finalises £5m U.S. buy

Terms for Associated Biscuit Manufacturers' acquisition of **Salerno-Megowen Biscuit Company** of Chicago have been *finalised*. The deal was first announced last December.

Initial consideration is $9,713,270 (£5,312,000). On April 1, 1979, an amount equal to half of consolidated net income after taxes of Salerno in excess of $975,000 in each of the years 1978 and 1979, on April 1, 1980.

Initial consideration has been provided for by issue of 3,701,894 Ordinary shares and $5m loan loan arranged locally in the U.S. The new Ordinary shares have been *placed* with institutional investors.

Net profit after tax of Salerno for 1976 and 1977 was $1.2m and $0.6m respectively.

Net tangible assets at December 31 were $5.9m.

BOOTS EXPANDS CANADA INTERESTS

Boots, the manufacturing and retail chemists, is to make two Canadian acquisitions for an undisclosed sum.

The first is a chain of 50 Tamblyn Drugmarts in British Columbia, Alberta, Saskatchewan and Manitoba.

The other is Isaacs Pharmacy, a wholesaler of pharmaceuticals and health and beauty aids in British Columbia to the Tamblyn Drugmart and independent drug stores.

These acquisitions complement the 93 Ontario-based Tamblyn Drugmarts which Boots bought in September 1977, and provide a base for further expansion throughout Canada. Approval from the Canadian cabinet has been obtained.

ENGLISH PROPERTY

English Property Corporation announces that, while the discussions concerning a possible offer are continuing, no further announcement can be expected before the first week of July.

NO PROBE

Secretary of State for Prices and Consumer Protection has decided *not to refer the proposed* merger between LWT (Holdings) and Hutchison to the Monopolies Commission.

NORTHERN FOODS

Northern Foods has obtained the appropriate tax clearances under Section 460 Income and Corporation Taxes Act 1970 and Section 40 Finance Act 1977. This satisfies two conditions of the offer for Pork Farms.

JOHNSON GROUP

The offer document relating to Johnson Group Cleaners agreed bid for Capital and County Laundries shows that C and C pre-tax profits more than doubled to £95,000 in the first half to April 1, 1978, but the group said that because of the pronounced seasonal bias in trading it was impossible to forecast profits for the full year, but results were expected to be satisfactory.

NEWEY LOSSES HEAVIER THAN EXPECTED

The Board of Newey Group, which has incurred increasing losses since 1975, considered the possibility of winding up the company before it opted for the agreed take-over bid of 65p per share in cash by William Prym-Werke, of West Germany.

Mr. M. M. C. Newey, chairman of Newey said in the formal offer document yesterday that the Board rejected that course of action because it would mean redundancy for all employees and its assets would have realised less than 65p per share.

He added that the Board "was convinced that a price of 65p per share could not be justified by trading prospects in the foreseeable future without the additional strength of Prym."

Newey made a pre-tax loss of £137,000 for the three months to March 31, 1978, following losses of £464,000 for the year to January 1, 1978.

Although a loss was expected for the period to March 31, Mr. Newey said "its magnitude has now proved greater than expected" and "against this background and in view of the uncertainty as to sales prospects in the remainder of the year, I cannot now confirm that the return to profitability for which we were budgeting will be achieved."

Results due next week

FULL YEAR figures dominate the results due this week with Tesco starting the ball rolling on Monday. Other finals are due from Plessey, J. Lyons, Racal Electronics and John Brown. Allied Breweries will announce interim figures on Tuesday.

Other results to note are *Dawson International* (preliminary on Monday), Powell Duffryn (preliminary, Tuesday), Lindustries (preliminary, Wednesday), Associated Television Corporation (preliminary, Thursday), Baker Perkins Holdings (preliminary, Thursday) and Rediffusion (preliminary Friday).

Tesco's Checkout campaign, which began a year ago and appears to have been highly successful, holds the key to the company's final results, due on Wednesday. Analysts say forecasting has been difficult this time but most estimates range between £30m and £32.5m, though one broker is going as low as £28m, against last year's £30.2m. Sales should be well ahead but the company seems to have moved into more low margin lines than was originally anticipated. Tesco's grocery market share may have improved but it remains to be seen how Sainsbury's price cutting exercise will affect the results. The company is apparently doing well in the current year but future expansion will depend on growth of non-food merchandise.

Unless the final quarter contains surprises unanticipated by the analysts, Plessey will *report pre-tax profits* of £43.5m on Tuesday. The figure would represent an improvement on last year's £39.6m and would be in line with the *growth established in the previous* three quarters. Worldwide sales have shown a significant increase in money terms but the increase in real terms has been much less and, to some analysts, disappointing. Electronic equipment and components appear to be the best performers for the group but consumer electronic interests are likely to incur losses estimated at around £3.5m.

At the halfway mark J. Lyons stated that an improvement in *profit levels was being delayed by* exceptional market factors. A few months later, in April, it announced that results for the third quarter were below expectations despite a 6 per cent increase in turnover. U.S. operations will be affected by the 8 per cent swing against the dollar and UK general food activities are being hit by a margin squeeze forced on the manufacturers by the retail price war. Tea operations, which enjoyed a very strong first quarter, suffered a significant check in the last half of the year because of a major drop in demand. Analysts estimated a year ago that the group's pre-tax figure would be of the order of £22m. Because of the changed conditions the figure is now expected to be £13m.

Racal, the fast-growing British electronics group, is likely to see its growth rate settled down to a less spectacular 25-30 per cent per annum in taxable profits after next Thursday's full-year declaration of around a 50 per cent increase—to between £48m and £50m. The reason: nothing more sinister than that the pre-tax numbers are now so large that such a growth rate will be difficult to sustain at historical levels. The current year's profits will also be affected to a small extent by this week's announcement that the group was disposing of its South African offshoot, which could take £1.5m out of current year's profits, giving around £64.5m. Meanwhile, last year's performance will have been supported by a first-time contribution from the Milgo purchase.

John Brown has forecast a pre-tax profit in excess of £20m and analysts are confident the forecast will be met. At the halfway mark the gas turbine division was on the way to shipping a record volume but there were a few holes appearing in the forward order book. The subsequent weakening of sterling may help improve the picture. The process engineering and construction division was headed for a record year in volume terms though margins may have been trimmed from the very high 6.5 per cent of the previous year. With the problems at Westland emerging last week interest will centre on the statement accompanying the full year figures. The investment is likely to be written down and Westland's decision to forgo dividend will shave Brown's 1978-79 figures. Analysts also expect some comment on Brown's own future dividend policy, as the cover on dividend is very high.

Allied Breweries is expected to report a pre-tax profit of £44m for its 32 week first half period next Tuesday. It is among the last of the brewers to report results and its relatively long half-year gives it a greater seasonal benefit than its rivals. For the industry as a whole volume of product sold is a bit up but as Allied is the least dependent on beer this is not going to have quite as favourable an impact on its results. Wine and spirit sales were very buoyant last year but took a bit of a dive following the Budget; there are signs of a recovery emerging however. Allied also has a relatively higher level of capital expenditure than its competitors and it is thus less insulated against interest rate movements.

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Allied Plant Group	Monday	0.18	0.285	0.3
Anderson Strathclyde	Tuesday	1.0	1.536	1.0
Associated Television Corporation	Thursday	2.975	2.147	2.772
Atwood Garages	Tuesday	0.615	0.858	0.613
? Austin and Sons (London)	Friday	1.144	1.258	1.278
Avana Group	Wednesday	0.45	0.525	0.5
Baker Perkins Holdings	Thursday	1.65	2.254	1.9
Baraoora Tea Holdings	Monday	—	—	10.0
Beechwood Construction (Holdings)	Thursday	0.5	1.5	0.5
Bradford Property Trust	Tuesday	3.042	3.055	3.446†
British Steam Specialities Group	Thursday	1.364	3.216	1.5
British Tar Products	Thursday	0.173	1.442	0.5
John Brown and Co.	Friday	2.6	5.28	4.0
Brown and Tawse	Wednesday	1.072	3.225	1.245†
Burnett and Hallamshire Holdings	Wednesday	1.279	1.278	1.447
Chamberlain Phipps	Monday	0.446	1.467	0.921†
Continental and Industrial Trust	Thursday	2.0	3.75	2.25
Channel Tunnel Investments	Tuesday	—	—	—
Control Securities	Wednesday	—	Nil	—
Dawson International	Monday	1.15	1.952	1.77†
Durapipe International	Wednesday	0.862	2.70	0.962
Edbro (Holdings)	Thursday	1.82	3.854	2.0
Electric and General Investment Company	Tuesday	0.5	0.8	0.65
?, Elliot and Co	Wednesday	2.0	2.71	2.5
Estate and Agency Holdings	Wednesday	—	0.413	—
Evans of Leeds	Tuesday	0.263	0.399	0.327
?illeshall Company	Monday	1.0	0.5	0.5
?industries	Wednesday	1.4	3.046	3.0
?. H. Lloyd Holdings	Wednesday	1.49	3.296	1.641†
London and Liverpool Trust	Thursday	0.13	0.136	0.132
London Sumatra Plantations	Monday	—	2.0	—
J. Lyons and Co.	Thursday	2.037	5.315	2.108
?ecros	Friday	1.5	2.46	1.6
Northern Securities Trust	Wednesday	0.7	2.7	1.0
?illow Holdings	Monday	2.75	4.95	3.078
Plessey Company	Tuesday	2.1275	1.77†	2.3675
Powell Duffryn	Tuesday	2.75	3.151	3.5
Racal Electronics	Thursday	0.213	0.577	1.7
Radiant Metal Finishing Company	Tuesday	0.507	1.224	0.55
Rediffusion	Friday	0.673	3.415	0.575
Rowlinson Construction Group	Wednesday	0.66	1.546	0.725
Russel Brothers (Paddington)	Tuesday	0.75	3.14	1.0
Scapa Group	Friday	1.9	2.454	2.442
Shaw and Marvin	Monday	0.35	0.35	Nil
Sheepbridge Engineering	Thursday	1.238	2.176	2.054†
J. W. Spear and Sons	Monday	0.53	1.096	0.653†
Sterling Industries	Monday	0.25	0.9	0.35
Tebbit Group	Thursday	—	Nil	—
Tesco Stores (Holdings)	Wednesday	0.633	0.85	0.706
Tunnel Holdings	Thursday	3.0	6.733	3.454
INTERIM DIVIDENDS				
Allied Breweries	Tuesday	1.23	2.687	
Crest Nicholson	Thursday	1.0	2.728	
J. H. Fenner and Co. (Holdings)	Monday	2.75	3.95	
Thomas French and Sons	Thursday	1.0	2.19a	
Great Northern Investment Trust	Monday	1.15	2.72	
Henlys	Thursday	2.0	4.591	
Irish Distillers Group	Tuesday	1.11	2.435	
Kenning Motor Group	Wednesday	1.5	2.65	
Arthur Lee and Sons	Thursday	0.4	1.06	
Lonsdale Universal	Thursday	1.792	3.24	
Lookers	Thursday	0.905	1.55	
News International	Friday	4.0	4.9	
Scottish American Investment Company	Wednesday	0.8	1.7	
Throgmorton Trust	Wednesday	2.0	2.575	
United States Debenture Corporation	Wednesday	1.15	2.37	
Vectis Stone Group	Thursday	0.6	0.884	
INTERIM FIGURES ONLY				
Reliant Motor Group	Friday			

* Dividends shown net pence per share and adjusted for any intervening scrip issue. † Includes compensating dividend due to change in tax rate. ‡ Second interim in lieu of final. § Includes second interim of 2.2p. ¶ Includes second interim of 2.42p. a Includes second interim of 1.25p. b Bonus payment of 0.165p also paid.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Brent Walker	0.9	July 31	0.77	1.25	1.12
Brunner Inv. ....int.	1.85	Aug. 4	1.6	—	3.55
Caffyns	4.4	—	4.05	6.4	5.75
Clyde Blowers ....int.	0.83	July 28	0.83	—	3.63
Crosby Springs	0.44	—	0.50	0.65	0.59
Davenport Knitwear	3.96	Aug. 15	3.24	3.96	3.24
Dorrington Inv.	1.69	July 28	1.52	3.09	2.77
Duple ....int.	0.33§	July 15	—	—	0.59
Elswick-Hopper	0.5	July 31	0.46	0.9	0.81
Ferguson Ind.	3.9†	—	3.33	6	5.43
Arthur Guinness ....int.	2.62	Aug. 11	2.38	—	7.02
Pilkington	5.76	Aug. 17	5.36	11.53	10.48
Raeburn Inv. ....int.	1.25	Aug. 14	1.1	—	3.7
Sekers	0.82	—	0.8	1.51	1.1
John Swan	21.79	Aug. 22	19.51	21.79	19.51
Victoria Carpet	0.97	Aug. 17	0.97	1.41	1.41
J. Woodhead	2.57	Aug. 8	2.32*	3.8	3.45*

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Gross throughout. § Corrected by company. ¶ Malaysian cents throughout.

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SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and mergers

The Board of Albright and Wilson has agreed to accept an increased offer of 195p a share from the U.S.-based Tenneco which failed last month to acquire the 50.2 per cent of Albright not already owned because the latter's Board felt that the 165p a share offered fell substantially short of a level that could be recommended to shareholders. The revised terms are considered fair and reasonable by both parties who are expected to join forces in appealing to the Government not to block the proposed merger.

The Post Office Pension Fund is to take over one of the UK's leading investment trust groups in a major three-way deal which will provide Barclays Bank with an injection of some £85m of new capital. Under the terms of the deal, Barclays is offering its own shares, worth around £91m at current market value, to buy the Investment Trust Corporation. The bank has already agreed that, if the bid goes through, it will then sell the investment company to the Post Office staff superannuation fund for £85m cash.

Cement-Roadstone has made a £5.65m agreed take-over bid for J. and W. Henderson. The offer comprises 210p cash for each Henderson share and it seems assured of success as the major shareholder London and Northern Group, which holds 34.6 per cent Henderson equity has pledged its support along with the Henderson directors.

The long courtship of Mr. Peter Prowting's private property development group County and Suburban and the publicly quoted Estates and General Investments may have a happy ending. E. and G. has brought out a new merger plan which appears to satisfy the criticisms that killed the last scheme in 1975. The new merger terms are structured in the form of a reverse take-over by E. and G. of County and Suburban. It will be effected by E. and G. issuing 7.88m new 20p shares and a new 10 per cent loan stock.

Bridgewater Investment Trust has been granted re-listing of its shares on the London stock exchange following the announcement that Sagest SA, a Swiss financial holding group, is making a £397,000 bid for the trust. The Geneva-based group has paid Cullum Investments £218,000 for its 55 per cent stake in the trust and is now offering 6.6p a share to all other shareholders in order to comply with the City Take-over Panel rules.

A bid may well be on the cards for Knott Mill following the announcement that the company is involved in talks with an unnamed party.

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid (£m's)**	Bidder	Final Acc't'ce date
Prices in pence unless otherwise indicated.						
Albright & Wilson	195*§	169	123	115.04	Tenneco	—
Bridgewater Trust	6.6	7††	7	0.397	Sagest SA	—
Capital & County Laundries	150*	142½	97	1.57	Johnson Group Cleaners	—
Carding Group	20*	20	20	4.64	Unigate	—
Carlton Inds.	165*	195	170	22.7	Hwkr. Siddeley	—
Cornercroft	65*	68	56	1.62	Armstrong Equipment	—
Customagic	20*	21½	19½	1.05	Mooloya Invs.	—
Fluidrive Eng.	74½	78½	55	5.11	Thos. Tilling	—
Harrisons Malaysian Ests.	97½§	96	90	118.71	Harrisons Crosfield	—
Henderson (J. W.)	210	208	155	5.65	Cement-Roadstone	—
Henshall (W.)	20*	27	18	0.50	Bovbourne	—
Henshall (W.)	30*	27	21	0.75	Petford	—
Invest. Trust Cpn.	289	276	255	90.69	Barclays Bank/ P.O.P.F.	
KCA Intl.	29*	28½	28	7.7	Mr. T. Ward	—
Kingside Inv.	61	56½	50½	5.49	Jove Inv.	19/6
Lond. Aust. Invs.	152*	137	123	11.37	Colonial Mutual Life	12/7
Lond. & Liverpool Trust	21*	25	19	0.52	Aschheim Secs. & W. & A. SA Zug	—
Marler Estates	25*	28	21	0.88	Blade Invs.	—
Miln Masters	200*	197	163	4.23	Hilleshog AB	—
Mitchell Cotts Transport	83§	80	82	1.27	Mitchell Cotts Group	—
Pork Farms	691‡§	683	487	23.25	Nthrn. Foods	23/6
RKT Textiles	96*	93	72††	78.64	Robt. Kitchen Taylor	—
St. Kitts (London) Sugar	200*	198	170	0.78	Industrial Equity	27/6
Turner Mftg.	143*	136	124	14.30	Dana Corp.	—
Wettern Bros.	95*	93	58	1.60	W. J. Glossop	—
Wood & Sons	60	48	48	2.40	Newman Inds.	—

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Combined market capitalisation. ‖ Date on which scheme is expected to become operative. ** Based on 15/6/78. †† At suspension. ‡‡ Estimated. §§ Shares and cash. ¶¶ Based on 16/6/78.

Rights Issues

British Tar Products: One-for-11 at 45p each.
Hartwells Group: One-for-three at 82p each.
Sketchley: Onefor-five at 92p each.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
AB Foods	Apr. 1	77,629	(80,362)	9.7	(9.9)	2.328	(2.075)
Allied Retailers	Apr. 1	4,874	(3,696)	25.5	(20.9)	8.712	(7.8)
Alpine Drinks	Apr 1	1,540§	(1,221)‡	14.7	(13.2)	6.6	(3.334)
Anglo-Indonesian	Dec. 31	1,212	(695)	12.9	(12.4)	2.75	(2.5)
Ariel Inds.	Mar. 31	783	(762)	†	(†)	2.134	(1.914)
Avenue Close	Mar. 31	259	(307)	2.8	(2.6)	1.625	(1.477)
Belhaven Brewery	Apr. 2	9L	(693)L	Nil	(Nil)	Nil	(Nil)
B. & C. Shipping	Dec. 31	29,312	(27,273)	34.5	(28.9)	9.258	(8.355)
British Tar	Mar. 31	1,239	(1,008)	5.6	(4.6)	1.804	(1.613)
Brownlee	Mar. 25	765	(1,380)	5.2	(9.8)	2.27	(2.056)
Caledonia Invs.	Mar. 31	3,160	(3,070)	10.6	(9.1)	8.431	(7.61)
Chloride Group	Mar. 31	25,068	(26,410)	11.6	(13.4)	5.138	(4.652)
Cntry. & New Twn.	Jan. 31	458	(89)L	Nil	(Nil)	0.65	(0.63)
A. Cohen	Dec. 31	1,868	(2,138)	39.5	(45.3)	5.43	(4.91)
Cont. Stationery	Mar 31	196	(176)	3.6	(5.0)	2.52	(2.32)
Dom Holdings	Mar. 31	1,023	(835)	6.9	(5.6)	4.644	(4.2)
Fortnum & Mason	Jan. 28	1,045	(558)	122.1	(64.8)	20.8	(20.8)
GEI Intl.	Mar. 31	5,552	(4,135)	10.6	(7.8)	4.132	(3.715)
Goldrei (Foucard)	Mar. 25	453	(380)	10.0	(8.0)	2.69	(2.43)
Gt. Portland Ests.	Mar. 31	4,104	(2,656)	8.2	(5.5)	4.357	(3.946)
Hargreaves Group	Mar. 31	3,422	(3,272)	6.4	(5.3)	3.217	(2.88)
Highgate & Job	Mar. 31	106	(264)	7.1	(5.5)	2.5	(4.0)
Hill Samuel	Mar. 31	6,850	(6,710)	11.6	(11.3)	4.266	(4.904)
Intl. Timber	Apr. 1	5,567	(6,525)	15.0	(24.7)	7.055	(6.3)
Johnson Matthey	Mar. 31	18,865	(21,015)	51.9	(61.3)	13.618	(12.303)
Wm. Leech	Feb. 28	2,205	(2,784)	14.9	(21.0)	6.0	(5.0)
Ldn. & Overseas	Mar. 31	3,990L	(4,340)	Nil	(16.8)	Nil	(3.321)
McNeill Group	Dec. 31	1,288L	(3)	Nil	(Nil)	Nil	(2.85)
Ocean Wilsons	Jan. 31	2,700	(2,800)	11.6	(12.0)	2.875	(2.5)
J. T. Parrish	Jan. 28	27	(51)	3.8	(7.0)	3.835	(3.835)
R. Paterson	Mar. 25	1,021	(458)	6.5	(3.5)	2.547	(2.283)
Pauls & Whites	Mar. 31	6,250	(3,210)	17.2	(18.9)	4.29	(3.451)
Pegler-Hattersley	Apr. 1	12,581‡	(15,155)§	26.1	(41.5)	7.685	(6.881)
Plysu	Mar. 31	750	(811)	11.8	(13.9)	1.384	(1.239)
Prop. & Reversnry.	Mar. 31	1,082	(892)	8.2	(7.0)	5.16	(4.66)
Robertsons	Mar. 31	2,734	(2,581)	22.8	(24.3)	5.725	(5.180)
Sketchley	Mar. 31	3,663	(2,254)	13.4	(7.8)	4.69	(4.243)
Staveley Inds.	Apr. 1	13,017c	(6,739)§	84.3	(47.7)	13.504	(7.8)
Triplex Foundries	Mar. 31	2,091	(2,037)	15.0	(13.0)	4.632	(4.189)
Valor	Mar. 31	1,650	(1,070)	9.9	(5.8)	2.135	(1.884)
Warren Plants.	Dec. 31	10,809	(4,668)	81.2	(41.0)	14.67	(9.1)
Warwick Eng.	Mar. 31	110	(344)	1.1	(4.1)	0.825	(2.202)
WGI	Mar. 31	1,197	(763)	18.0	(14.0)	5.8	(5.2)
W. Bromwich Spg.	Dec. 31	395	(331)	7.1	(4.0)	1.09	(1.039)
Wheway Watson	Apr. 1	766	(625)	2.9	(3.0)	0.878	(0.794)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Berisford (S & W)	Mar. 31	13,650	(11,640)	1.925	(1.75)
Bluemel Bros.	Apr. 1	190	(185)	1.65	(1.5)
P. J. Carroll	Mar. 31	1,800	(2,550)	2.148	(1.788)
Duple Intl.	Feb. 28	1,092	(358)	0.825	(—)
CompAir	Apr. 2	5,717	(5,860)	1.65	(1.5)
English China	Mar. 31	8,530	(13,510)	1.925	(1.75)
Flexello Castors	Mar. 31	166	(112)	1.155	(1.05)
Hickson & Welch	Mar. 31	3,740	(4,890)	1.33	(1.21)
Laganvale Ests.	Oct. 31	18L	(46)	—	(—)
Nottingham Brick	Mar. 31	252	(216)	4.85	(3.85)
Record Ridgway	Apr. 2	860	(1,066)	2.0	(1.5)
Saatchi & Saatchi	Mar. 31	755	(571)	2.0	(1.3)
Tate & Lyle	Mar. 31	11,100	(24,300)	3.1	(3.1)
Tomkinsons Crpts.	Apr. 1	99a	(42)b	—	(—)
United Guarantee	Mar. 31	193	(161)	—	(—)
White, Child	Apr. 2	865	(765)	2.0	(1.8)

(Figures in parentheses are for corresponding period.)
Dividends shown net except where otherwise stated.
* Adjusted for any intervening scrip issue. † Not given. ‡ For 52 weeks. § For 53 weeks. a For 26 weeks. b For 25 weeks. c For 78 weeks. L Loss.

Offers for sale, placings and introductions

Agricultural Mortgage Corporation: Placing of £3m of variable rate bonds 1983 at par.
Exchequer Stock: £900m of 10 per cent Exchequer stock 1983 at £95 per cent.
Exchequer Stock: £1,000m of 12 per cent Exchequer stock 2013-17 at £96 per cent.
Robinson Brothers (Ryders Green): Placing of 1.8m 11 per cent preference shares of £1 each at 109p per share.
West Kent Water Company: Placing of £0.75m of 12.5 per cent redeemable stock 1986 at £98.75 per cent.

Scrip Issues

Great Portland Estates: One-for-two.
Robinson Brothers (Ryders Green): Two preference for one ordinary.
Saatchi and Saatchi: One-for-three.

UNIT TRUSTS

High income funds back in fashion

THIS WEEK, Gartmore Fund Managers turned aay from the current vogue of North America and returned to that old standby the high income funds. Over the past few years these funds have provided the bread and butter business for the unit trust movement while other funds have occupied the limelight for a few months and then returned to obscurity. The managers launched the Gartmore Extra Income Units to put alongside the High Income Trust.

The investment objective of this new fund is high income with maximum growth potential. so the portfolio will be almost entirely high yielding UK equities. The fund yields 9½ per cent gross —a full ¾ of a percentage point higher than the High Income Fund, despite the latter's preference share content.

The growth of the High Income Fund now at £15m. is inhibiting the managers ability to deal in small lines of stock thereby keeping up the yield. Thus in launching this new fund, the managers are deliberately restricting the number of units issued so that they have a small fund which can maintain flexibility. For investors seeking quarterly income the managers have designed a Quarterly Income Plan with investment being made in both the Extra Income and High Income Funds.

Schlesinger Trust Managers, the Tyndall Group and Lawson Securities have also abandoned, at least temporarily, the overseas markets for the UK and are offering their highly successful high income funds. The Schlesinger Extra Income Trust also aims for maximum growth by investing solely in equities and has a yield of 9.5 per cent. gross. Tyndall is offering the London Wall Extra Income Growth Units, yielding almost 10 per cent, the portfolio having only a small portion of fixed interest stocks. The Lawson High Yield Fund, in contrast has 40 per cent. of its portfolio in preference shares and offers a yield of 11 per cent, but diluted income growth prospects.

Save and Prosper is still sticking to its United States Growth Fund and despite the setback this week still holds to the firm belief that the scope for capital growth in this market is substantial in the medium term. Crescent Unit Trust managers have turned to the Far East and are launching a new fund, the Crescent Tokyo Fund. This aims at capital growth by investing in Japanese blue chips—with a yield of 0.5 per cent it could not be aiming for anything else. The fund is managed by Edinburgh Fund Managers who have £20m of funds invested in Japan including the highly successful Crescent Japan Investment Trust.

On a different tack altogether. It is drawing the attention of the self-employed to its new Personal Pension Plan which offers a choice of guaranteed and unit-linked. It is also giving details of its Index Linker Bonds which enable investors to put aside a lump sum for investment into the SAYE index linked contract.

Finally, for those investors who prefer the security and guarantees offered by building societies and with-profit life assurance, the Britannia Building Society is drawing attention to its recent launch The Britannia "Double Investment" Plan.

Bishop's planning to combat reduced profit margins

Following the High Street "price war" which severely hit 1977-78 margins and profits of Bishop's Stores, Mr. John H. Bradfield, the chairman, says in his annual statement that it now seems unlikely that food retailing and wholesaling will return to the percentage margin levels of earlier years and with this in mind each of the group's companies is planning accordingly.

In the shorter term, the directors are concentrating on cost reduction and sales drives, while in the longer term, they aim to retain ownership of the group's major premises to avoid the devastating rent reviews brought about by inflation and demand, he adds.

The group is developing a proportion of branches on its own account to avoid third-party profits and the "expensive dreams" of developers' architects, although initially it may be faced with high interest charges, states Mr. Bradfield.

As reported on June 10, taxable profits slumped from £2.1m to £0.8m for the year to February 25, 1978, on sales of £111.5m, against £100.61m. In addition to the "price war," which adversely affected each of the group's trading companies either directly or indirectly, the group was faced with a number of unexpected costs, the chairman points out.

The reduced profit from the group's wholesale company was caused by the necessity to work on lower margins and the need to provide £56,000 for bad debts. The directors' policy on margins was designed to help the VG and Centra retailers to cope with competition and as a result sales increased by nearly 20 per cent, Mr. Bradfield says.

The directors are confident that the progressive independent retailer has a sound future and intend to support this aspect of the group's business in full.

The part of the group's business most seriously affected by the "price war" was its retail company which trades mainly in the highly sensitive home counties area. The price cutting exercise in which it took part reduced margins without a corresponding increase in sales.

As a result of the declining profitability in the latter part of the year, a wage cost reduction exercise was put in hand and also an extensive advertising campaign costing some £350,000 was launched in an endeavour to stimulate sales. The results from these efforts are beginning to show, the chairman adds.

Three closures of smaller branches became necessary, creating terminal losses, and only one of several new supermarkets in the process of development was opened during the year but following a successful trial the company has opened five Bishop's Bakehouses. This relatively low volume but high margin activity will contribute to profits in the current year, members are told.

The chairman adds that a lower contribution to profits by the group's cash and carry subsidiary is understandable in the circumstances prevailing, but is open to improvement in the future.

Meeting, Ruislip, July 12, at 3 pm.

Dorrington ahead to £627,000

AFTER REPORTING profits up £40,000 to £301,000 at midway, Dorrington Investment Company finished the year to March 31, 1978 ahead from £524,000 to £627,000 pre-tax, on lower turnover of £3.28m against £4.55m.

At the interim stage, the directors said buoyant trading conditions were expected to continue in the second half and this should yield increased profits.

The current year has begun promisingly and all indications are that it will be successful, they now report.

Tax for the year takes £346,000 (£268,000) giving stated earnings increased from 4.2p to 4.61p per 10p share. The dividend total is stepped up to 3.0894p (2.766p) net.

Caffyns overtakes £1m—pref. scrip

A SECOND half advance in taxable earnings from £460,728 to £611,452 by Caffyns, automobile agency and engineering group, lifted profit for the year to March 31, 1978, to a record £1.08m, against £900,957. Sales improved £8.88m to £38.36m.

The net total dividend is raised to 6.4p (5.57p) with a final of 4.4p per 50p share and a scrip issue on the basis of one new preference share for five ordinary is proposed.

Tax took £576,312 (£476,976) for earnings per share of 14.8p.

Profit was struck after depreciation, interest and other charges amounting to £345,372 (£231,975), and an extraordinary gain of £138,747 (£8,046) took the attributable sum up to £644,482 (£432,027).

H. Norrington

Reporting improvement in profit from a depressed £65,000 to £90,000 for the half year to March 31, 1978, the directors of Henry Norrington and Sons say they expect profit at full time to be about £150,000.

Sales, particularly of machinery have been less buoyant, and in the first half reached £7.4m (£6.8m).

Crosby Spring picks up

IN THE second half of the year to March 31, 1978, Crosby Spring Interiors improved pre-tax profits from £370,884 to £497,774 and, despite disappointments in some areas of its merchanting operations, a record £712,090, against £569,482, was achieved for the full year.

Turnover which rose by only 4 per cent to £7.3m was adversely affected by a substantial fall in the sale of bedding units caused by a fire at Doric Unit Company (Springs) and it was the maintenance of profits through insurance which resulted in the improved margins.

The final net dividend payment is 0.4338p for a 0.6336p (0.5942p) total

Antofagasta down despite Chile profit

Taxable profit of Antofagasta (Chili) and Bolivia Railway Company fell from £473,683 to £251,472 in 1977 on group turnover marginally up at £5.29m, against £5.22m. After revaluation adjustments and tax there was, however, a recovery from a £34,117 loss to a £20,062 surplus in Chile.

In November, the directors warned that because of difficulties and delays in applying tariff increases, it appeared certain that after charging depreciation and monetary correction a greater loss would be incurred on the company's operations in Chile during the year than in 1976.

Earnings per £1 share for the year slipped to 0.59p (1.78p). Group profit included dividends and interest received amounting to £159,646 (£156,763).

Raeburn Inv. maintains £500,000

After a tax of £0.35m, against £0.38m, Raeburn Investment Trust maintained available net revenue for the half-year to May 31, 1978, at £512,905 compared with £504,103. Gross revenue was marginally up from £1.14m to £1.15m.

Including a dollar premium of £6.56m (£0.61m) the market value of investments at midway amounted to £51.11m (£44.85m) for net asset value per 25p share to reach 176.9p: a 9.7 per cent increase on November 30, 1977, and 10.1 per cent on May 31 of that year. Fully diluted the value would have been 175.3p—up 9.6 per cent and 10 per cent respectively.

The net interim dividend is raised to 1.25p (1.1p) costing £331,394 (£289,961). Last year's final of 2.6p was paid from available net revenue of £1.11m.

Expenses for the first half took £62,353 (£62,158) and interest £190,476 (£147,845), and preference dividend absorbed £38,008 (same).

London & Associated shows recovery

With interest payments down from £215,723 to £157,602 and the share of associate companies profit up £110,466 at £152,314, London and Associated Investment Trust made a recovery in 1977 to a taxable profit of £125,971, compared with a £79,222 loss.

Stated earnings per 10p share were 0.91p (losses 1.04p) or 0.61p fully diluted. The company has not paid a dividend since the 0.525p final on revenue of £227,156 for 1973.

There was no surplus on the revaluation of properties of an associated company this time compared with a gain to reserves in 1976 of £372,553, but following the acquisition of additional property during 1978 the company now has a gross rental income of £100,000 a year.

WORLD STOCK MARKETS

Wall St. falls another 7.28

INVESTMENT DOLLAR PREMIUM
$2.60 to £—113¼% to (112¼%)
Effective $1.8310 50¼% (50%)

FURTHER SHARP losses were recorded on Wall Street yesterday, following disappointing news on interest rates.

The Dow Jones Industrial Average lost another 7.28 to 836.97, making a fall of 22.26 on the week. The NYSE All Common Index, at $54.80, shed 51 cents on the day and $1.28 on the week, while declines led gains by a three-to-one majority. Trading volume decreased 1.59m shares to 27.69m.

Most major banks raised the Prime Rate to 8¾ per cent from 8½ per cent. This came a day after the Fed reported U.S. Money Supply was unchanged in the latest week.

Investors had hoped for a drop in the Money Supply to offset the sharp $4.2bn rise a week earlier.

The Fed was active in the Government Securities Market with moves that analysts said held the Fed Funds rate at 7¾ per cent. However, it is widely believed that the key rate will rise eventually, with only the timing being in doubt.

The Commerce Department reported an 0.9 per cent rise in May personal income after an May personal income after a 1.3 per cent gain in April. It also said May housing starts fell 4.9 per cent to a seasonally adjusted annual rate of 2.08m, while building permits dropped 8.8 per cent to an annual rate of 1.59m.

The reports indicate some slowing of economic growth, which analysts said is necessary if inflation is to abate.

Eastman Kodak lost $1¾ to $54½ — a Federal Court denied a Berkey Photo request that Kodak divest its photo manufacturing and photo finishing operations and its trademarks.

Tropicana Products gave way $2½ to $48 — the Federal Trade Commission asked Beatrice Foods, off $½ to $25⅞, to delay its acquisition of Tropicana but Beatrice declined to accede to the request.

Celanese dipped $1¾ to $40½—it expects second quarter net of $1.55 to $1.60 a share, up from $1.53 a year earlier.

Ford Motor gained $¾ to $46½—it forecast 11.2m cars will be sold in the U.S. this year.

The American SE Market Value Index slipped 0.58 to 150.16, making a loss of 0.81 on the week. Volume 4.11m shares (4.80m).

CANADA — With the exception of Golds, which moved up 36.6 to 1424.4 *on index, all other sectors* gave ground. The Toronto Composite Index shed 1.6 to 1146.4.

Metals and Minerals Index dipped 3.8 to 952.3. Oil and Gas 0.4 to 1465.9, Utilities 0.27 to 173.69. Banks 0.82 to 277.69 and Papers 0.12 to 115.64.

TOKYO: Domestic - oriented and Export-oriented issues moderately sought in another lacklustre market, Turnover 280m (220m) shares.

BRUSSELS—Mostly lower in moderate trading after Prime Minister Leo Tindemans tendered his resignation.

UK stocks mixed, Germans, Dutch, U.S. and French issues lower. Gold Mines steady to firm.

HONG KONG—Slightly lower in very active trading, with much local and some European profit-taking.

AUSTRALIA—Easier in quiet trading.

Renison fell A$1.20 to 9.60.

Uraniums also fell, Coppers steady.

MILAN—Lower over a broad front in very thin dealings, following the resignation of President Giovanni Leone.

Bonds quietly steady.

GERMANY—Prices firmed in generally quiet trading.

Veba gained DM 5.70 on higher first-quarter group net profits.

Public Authority Bonds lost up to 40 pfennigs and Regulating Authorities bought nominal DM 15.5m of stock. Mark Foreign Loans mixed.

PARIS—Easier in calm trading, despite some buying by Institutional investors.

U.S. shares weakened, International Oils irregular, Golds firmed. Coppers eased.

JOHANNESBURG—Gold shares moderately firmer, reflecting *higher bullion trend. Mining* Financials generally higher.

Coppers steady, as were Platinums.

Industrials again firmer.

SWITZERLAND — Narrowly mixed in light volume.

Banks steady. Financials narrowly mixed. Insurances slightly higher leading Industrials steady.

Domestic Bonds edged higher, but *Monteforno* dropped 4 per cent the first day of trading. Foreign Bonds mixed.

FRIDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Ramada Inns	1,190,500	7	— ⅜
Rowan	356,200	23⅞	— ¼
Digital Equipment	242,700	47⅛	— ⅝
Caesars World	234,500	26⅞	— ⅛
Arlen Realty	203,500	4	— ⅛
Scott Paper	178,500	17	
Sears Roebuck	175,800	23	—
Fannie Mae	173,200	17⅞	— ⅜
Exxon	166,900	45⅛	— ⅛
Squibb	162,000	34⅛	— ⅜

Indices

NEW YORK—DOW JONES

	June 16	June 15	June 14	June 13	June 12	June 9	1978 High	1978 Low	Since compilat'n High	Since compilat'n Low
Industrial	836.97	844.25	854.55	856.98	856.72	859.23	866.51 [illegible]	742.12 [illegible]	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bnds	87.90	87.95	87.69	87.65	87.60	87.50	90.86 (4/1)	87.50 [illegible]	—	—
Transport	222.29	225.46	229.21	228.74	230.16	230.72	251.65 [illegible]	199.31 [illegible]	279.88 [illegible]	13.23 [illegible]
Utilities	105.16	105.61	106.16	106.02	106.56	106.65	110.98 [illegible]	102.84 [illegible]	165.52 [illegible]	10.58 [illegible]
Trading vol. 000's	27,690	29,280	37,290	30,760	28,440	32,470	—	—	—	—

*Basis of Index changed from August 24.

	June 9	June 2	May 26	Year ago (approx.)
Ind. div. yield %	5.43	5.50	5.59	4.81

STANDARD AND POORS

	June 16	June 15	June 14	June 13	June 12	June 9	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
†Industrials	107.84	108.70	109.95	110.16	110.07	110.52	110.56 [illegible]	95.52 [illegible]	134.64 (11/1/73)	3.52 (30/6/32)
†Composite	97.42	98.54	99.48	99.57	99.55	99.93	100.52 [illegible]	86.90 [illegible]	125.85 (11/1/73)	4.40 (1/6/32)

	June 14	June 7	May 31	Year ago (approx.)
Ind. div. yield %	4.90	4.86	5.01	4.39
Ind. P/E Ratio	9.44	9.51	9.49	10.17
Long Gov. Bond yield	8.44	8.45	8.51	7.56

N.Y.S.E. ALL COMMON

June 16	June 15	June 14	June 13	1978 High	1978 Low
54.80	55.31	55.88	56.97	56.20 (8.6)	46.67 (6/3)

Rises and Falls

	June 16	June 15	June 14
Issues traded	1,871	1,878	1,912
Rises	367	365	794
Falls	1,099	1,144	685
Unchanged	415	379	433
New Highs	32	58	132
New Lows	38	32	35

MONTREAL	June 16	June 15	June 14	June 13	1978 High	1978 Low
Industrial	184.45	185.06	184.65	183.57	185.06 (15.6)	162.30 (16.2)
Combined	193.22	195.80	195.54	192.77	194.00 (5.6)	170.82 [illegible]
TORONTO Composite	1146.4	1148.0	1146.4	1142.5	1148.0 (15.6)	[illegible]
JOHANNESBURG Gold	216.3	214.0	214.7	215.5	[illegible]	188.0 [illegible]
Industrial	257.2	254.0	250.5	227.3	257.2 (16.6)	[illegible]

	June 16	Previous	1978 High	1978 Low
Australia (*)	496.98	500.27	501.54 (15/6)	441.19 (1/3)
Belgium (‡)	95.64	95.82	101.16 (7/3)	93.45 (25/5)
Denmark (**)	95.91	96.20	98.15 (9/1)	94.00 (8/2)
France (‡‡)	69.4	69.9	71.2 (30/5)	47.8 [illegible]
Germany (‡‡)	800.2	795.2	812.7 (10/2)	759.4 (17/5)
Holland (§§)	88.6	88.7	87.0 [illegible]	76.0 (4/4)
Hong Kong (§§)	544.26	546.54	546.54 (16/6)	383.44 (13/1)
Italy (‡‡)	61.91	62.71	[illegible] (22/5)	55.45 (10/1)
Japan (a)	412.76	412.33	416.11 [illegible]	364.04 (4/10)
Singapore (b)	323.61	321.90	323.61 (16/6)	282.0 (1/6)
Spain (c)	105.75	103.77	110.72 (9/6)	[illegible]
Sweden (e)	367.02	367.94	397.85 (5/5)	[illegible]
Switzerl'd (f)	294.6	293.4	325.1 (14/2)	[illegible]

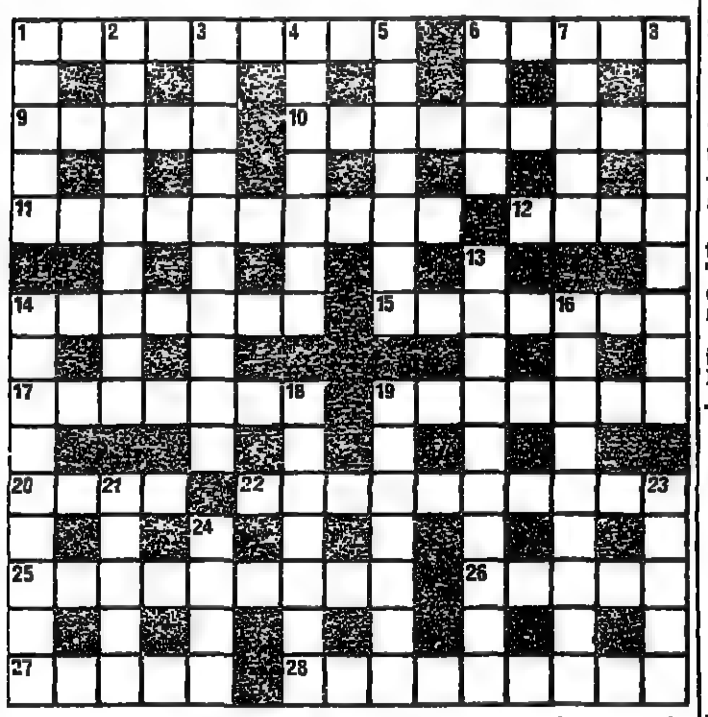
Indices and base dates (all base values 100 except NYSE All Common — 50 Standards and Poors — 10 and Toronto 300-1,000, the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (*) Sydney All Ord. (‡) Belgian SE 31/12/63. (**) Copenhagen SE 1/1/73. (‡‡) Paris Bourse 1961. (‡‡) Commerzbank Dec., 1953. (§§) Amsterdam, Industrial 1970. (§§) Hang Seng Bank 31/7/64. (‡‡) Milan 2/1/73. (a) Tokyo New SE 4/1/68. (b) Straits Times 1966. (c) Closed. (d) Madrid SE 30/12/77. (e) Stockholm Industrial 1/1/58. (f) Swiss Bank Corp. (u) Unavailable.

F.T. CROSSWORD PUZZLE No. 3,695

A prize of £5 will be given to each of the senders of the first three correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of a envelope, and addressed to the Financial Times, 10, Cannon Street, London, EC4P 4BY. Winners and solution will be given next Saturday.

Name ....

Address ....



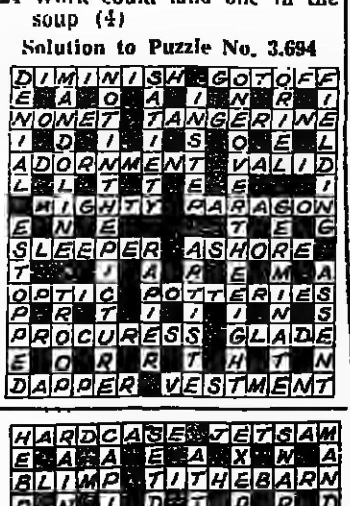
ACROSS

1 Instructions to back Shakespeare with competitive instinct (4, 2, 3)
6 Allow oriental to be old-fashioned (5)
9 Instrument that takes some stopping (5)
10 Part of country that likes good batters (9)
11 Uncertain of a right to go in dear (10)
12 The French get away in case (4)
14 Notice one attitude by model who is fact (7)
15 Troop formation no leech can disturb (7)
17 Intelligence ebbing and flowing (7)
19 Chance the Queen has to wave (7)
20 Like common letters we hear to be simple (4)
22 Indifference to Ann tho' clan differs (10)
25 The South-East Times request for oomph (3, 6)
26 All right with a sermonising beast (5)
27 Stories with many a thread (5)
28 Revolutionary record holder (9)

DOWN

1 Which person goes to work to cry (5)
2 Prisoner supporting trail (3, 6)
3 Get browned off thanks to horse or equivalent (10)
4 Method team adopts by the road (7)
5 Train taking rail union to West-end river . . . (7)
6 . . . after letters (4)
7 Do well in Polish (5)
8 Just a singer taking steady course (4, 5)
13 Part of car ready to swing round (5, 5)
14 Drawing the French on the sly comes naturally (9)
16 Without making a fuss as an essayist (4, 1, 4)
18 Set on so strangely at the earliest (7)
19 Shield made to bend to the right (7)
21 King is up for a big hit at Lords (5)
23 One of a pair taking on east wind (5)
24 Work could land one in the soup (4)

Solution to Puzzle No. 3,694



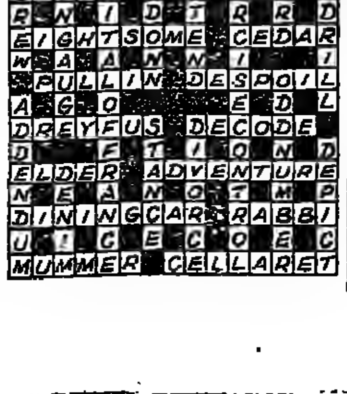
SOLUTION AND WINNERS OF PUZZLE No. 3,689

Following are winners of last Saturday's prize puzzle:

Mr. J. B. S. Attwooll, 7, Sutherland Way, Cuffley, Potters Bar, Herts.

Mr. G. C. Counsell, 15, Armscroft Crescent, Gloucester, GL2 0SU.

Mr. B. R. Roberts, Old Foxhunt Manor, Waldron, Heathfield, Sussex.



RACING **BY DOMINIC WIGAN**

Falls of Lora looks best for Sandown

METROPOLITAN RACEGOERS have another intriguing afternoon's sport in prospect today, for the Trafalgar House Group—the only British-based company to sponsor an entire programme—has contributed to all six races at Sandown.

Here, as might be expected, the feature event is the 1¼-mile Trafalgar House Handicap which carries £5,000 in added prize money.

John Dunlop, at present heading the trainer's table ahead of Peter Walwyn and responsible for last year's 15-length winner, *North Stoke, could again hold the* key, for he saddles Falls of Lora.

Strong grounds exist for thinking that this home-bred daughter of Dunlop's Eclipse winner, Scottish Rifle, may easily be the one they all have to beat. She is on the upgrade and carries just 7 st 10 lb.

A fast-finishing second behind the 1½-length winner, Temple Wood, in a highly competitive handicap at Salisbury a few days *ago, where several useful* performers were comfortably beaten off, Falls of Lora had not previously been seen in public since running disappointingly on her final two-year-old appearance.

Falls of Lora is now fast improving and is sure to take a good deal of beating. I hope to see her justify considerable hopes with a clear-cut win over another lightly-raced sort, Effulgence, whose trainer, Ryan Price, took this prize two seasons ago through Marquis de Sade.

Turning to York, where it is the Timeform Charity Day for *cancer rlief,* Ajuda Palace strikes me as a sound bet to lift the Vernons Fillies' Plate.

This stable companion to Shooting Season, who took the same prize a year ago for Henry Cecil and Joe Mercer, struck me as a smart performer in the making when running well in a Maiden event in Sandown in April.

She has since disappointed in the Pretty Polly Stakes at New*market, but I shall be disap*pointed if she cannot cope with her weak opposition.

Later in the afternoon, it could well be a case of John Dunlop again. Overtrick seems leniently treated with 7 st 11 lb in the William Hill Trophy, in which *Lester Piggott's mount Negative* Response cannot be overlooked.

SANDOWN

2.15—Sparking
2.45—*St. Hubert*
3.45—Falls of Lora**
4.30—Deepwater Blues

YORK

2.30—Ajuda Palace***
3.00—Alber Run
3.30—Overtrick*
4.00—Catechism
4.30—Classy Dame

Investment of DM 1.5bn by Siemens

SIEMENS AG plans investments totalling DM 1.5bn in this financial year ending September against DM 1.2bn in 1976-77. The company will take up before the end of the year an option on another 30 per cent of the *capital* of Siemens Allis Inc. of the U.S., following which the capital will be split equally between Siemens and Allis Chalmers. The impact of D-Mark appreciation on Siemens profits this year could emerge at around DM 150m.

Reuter

SPAIN ♥

June 16	Per cent	
Asland	119	—
Banco Bilbao	304	— 3
Banco Atlantico (1,000)	238	—
Banco Central	300	—
Banco Exterior	267	— 1
Banco General	288	—
Banco Granada (1,000)	156	—
Banco Hispano	220	—
Banco Ind. Cat. (1,000)	190	— 1
B. Ind. Mediterraneo	209	—
Banco Popular	231	— 4
Banco Santander (250)	414	—
Banco Urquijo (1,000)	262	— 2
Banco Vizcaya	234	— 4
Banco Zaragozano	254	—
Bankunion	152	—
Banus Andalucia	209	—
Babcock Wilcox	29	—
CIC	80	+ 2
Dragados	298	—
Inmobanif	78	—
E. I. Aragonesas	56	— 1
Espanola Zinc	102	—
Expl. Rio Tinto	94	— 1
Fecsa (1,000)	69	— 2
Fenosa (1,000)	74.50	—
Gal. Preciados	80	— 1
Grupo Velazquez (400)	165	—
Hidrola	84.75	— 0.25
Iberduero	86.75	+ 0.25
Olarra	120	— 3
Papeleras Reunidas	73.50	+ 2.50
Petroliber	120	— 3
Petroleos	206.50	— 3.50
Sarrio Papalera	58.50	— 0.50
Sniace	50	— 1
Sogefisa	125	—
Telefonica	68.25	+ 0.25
Torras Hostench	99	—
Tubacex	105.25	— 1
Union Elec.	71.25	— 0.50

BRAZIL

June 16	Price Cruz	+ or —	Div. Cruz	Yld. %
Acesita OP	1.02	—0.01	0.12	11.76
Banco do Brasil	2.10	+0.03	.17	8.10
Banco Itau	1.85	.....	.37	20.0
Belgo Mineira OP	2.26	+0.14	.15	6.64
Lojas Amer. OP.	3.45	+ .15	[illegible]	5.80
Petrobras PP	3.33	+0.46	[illegible]	6.90
Pirelli	1.60	.....	.16	10.87
Souza Cruz OP	2.95	+ .05	.23	7.80
Unip PE	5.90	.....	.25	4.24
Vale Rio Doce PP	1.21	— .01	.18	14.88

Source: Rio de Janeiro SE.

NOTES: Overseas prices exclude $ premium. Belgian dividends are after withholding tax.

● DM50 denom. unless otherwise stated. ♥ Ptas.500 denom. unless otherwise stated. ♣ Kr 100 denom. unless otherwise stated. ф Frs.500 denom. unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. $ Price at time of suspension. *a* Florins. *b* Schillings. *c* Cents. *d* Dividend after pending rights and/or scrip issue. *e* Per share. *f* Francs. *g* Gross div. %. *h* Assumed dividend after scrip and/or rights issue. *k* After local taxes. *m* % tax free. *n* Francs, including Unilac div. *p* Nom. *q* Share split. *s* Div. and yield exclude special payment. *t* Indicated div. *u* Unofficial trading. *v* Minority holders only. *y* Merger pending. * Asked. † Bid. § Traded. ‡ Seller. *z* Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

NEW YORK

Stock	June 16	June 15
[illegible]		

CANADA

Stock	June 16	June 15
[illegible]		

* Bid. ‡ Asked. § Traded. ¶ New stock.

GERMANY ●

June 16	Price Dm.	+ or —	Div. %	Yld. %
[illegible]				

BRUSSELS/LUXEMBOURG

June 16	Price Frs.	+ or —	Div. Net	Yld. %
[illegible]				

SWITZERLAND ●

June 16	Price Frs.	+ or —	Div. %	Yld. %
[illegible]				

PARIS

June 16	Price Frs.	+ or —	Div. Frs.	Yld. %
[illegible]				

STOCKHOLM

June 16	Price Kronor	+ or —	Div. Kr.	Yld. %
[illegible]				

COPENHAGEN ♣

June 16	Price Kroner	+ or —	Div. %	Yld. %
[illegible]				

MILAN

June 16	Price Lire	+ or —	Div. Lire	Yld. %
[illegible]				

AUSTRALIA

June 16	Aust. $	+ or —
[illegible]		

AMSTERDAM

June 16	Price Fls.	+ or —	Div. %	Yld. %
[illegible]				

OSLO

June 16	Price Kroner	+ or —	Div. %	Yld. %
[illegible]				

TOKYO ¶

June 16	Prices Yen	+ or —	Div. %	Yld. %
[illegible]				

Source Nikko Securities, Tokyo

VIENNA

June 16	Price %	+ or —	Div. %	Yld. %
[illegible]				

JOHANNESBURG

MINES

June 16	Rand	+ or —
[illegible]		

INDUSTRIALS

	Rand	+ or —
[illegible]		

Securities Rand $U.S. 0.71½
(Discount of 37.83%)

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Japanese houses lift capital

By Our Financial Staff

TWO of the big four Japanese securities houses — Nomura Securities and Yamiachi Securities—are to raise funds through the issue of new shares.

Nomura, which is far and away the largest of the securities houses in Japan, is lifting its capital by just over 11 per cent to Y63.6bn via a rights issue and a public issue of new shares. The latter will involve 20m shares while the rights offering will be on a one-for-ten basis at Y50. Nomura shares stand currently at just under Y500 in the open market.

Yamiachi is lifting its capital by around 7 per cent to Y30bn. Its public issue will involve 40m new shares. Both houses have yet to fix the prices of their public offerings.

Italian insurance

ASSICURAZIONI GENERALI, Italy's largest insurance company, recorded net profits of L22.8bn ($26.5m) for 1977, slightly higher than the previous year's L22.2bn, reports AP-DJ from Milan. The company will distribute a dividend of L600 a share, L50 more than the year before. Premium income amounted to L2,115bn, up 21.7 per cent.

Esselte beats sales and profit targets

BY WILLIAM DULLFORCE

STOCKHOLM, June 16.

ESSELTE, THE Swedish office equipment, packaging and printing group which took over Dymo Industries of San Francisco last month, made a pre-tax profit of SKr 154m ($33.5m) on a SKr2.45bn ($532m) turnover in the financial year ended March 31. Adjusted earnings were SKr 32 a share against SKr 29.

The Board proposes to pay an unchanged SKr 8 a share on the increased share capital, making a total payment of SKr 25m, against SKr 20.9m in the previous year. It also recommends a one-for-five bonus issue.

Esselte set growth targets at the beginning of the year of 10 per cent for both sales and earnings. Sales were up 14 per cent and earnings before extraordinary items rose by 8 per cent. However, the pre-tax figure includes SKr 15m in currency losses and, if these are excluded, the profit growth would have measured over 11 per cent.

Th preliminary 1977-78 report attributes the increase in earnings exclusively to the foreign companies, with profit developments in the Swedish operations cancelling each other out. The forecast for the current year is of a 15 per cent increase in sales and a somewhat slower profit growth. These figures exclude Dymo Industries, which had a turnover of just under SKr 1bn in 1976-77.

Esselte's proposed bonus issue will be covered by writing up the value of the parent company's fixed property. Shareholders will get a new share of the same category for each 10 shares currently held and a new B share for each 10 shares irrespective of category.

The extra issue of B shares will, it is hoped, boost trading in this stock and facilitate the launching of shares or convertible debentures on foreign markets.

Petro-Can meeting sought

By Our Own Correspondent

MONTREAL, June 16.

LAST NIGHT'S revised bid from Occidental Petroleum for Husky Oil of Calgary will be made only by prospectus and remains subject to Canadian and U.S. Government approval, commented Occidental yesterday.

Both Occidental and Husky have had preliminary discussions, with the provincial governments of Saskatchewan and Alberta concerning the earlier offer from Occidental for Husky for development of the Lloydminster heavy oil reserves.

Both Husky and Occidental are calling for an early meeting with Petro-Canada, the Canadian national oil company which put in the first bid for Husky.

Advance at C. G. Smith Investments

By Richard Rolfe

JOHANNESBURG, June 16.

FIGURES FROM C. G. Smith Investments, the Durban-based holding company for various textile and sugar interests, show increased group profit after tax, with a rise from R15.4m to R17.2m ($19.8m) and a one cent improvement in the dividend to 27c. The shares, at 230c, yield 11.7 per cent and, unlike the majority of large industrial groups, stand at the same price as a year ago.

C. G. Smith Investments draws its income from Romatex, 55 per cent owned, which is one of the largest diversified textile groups locally, and from two sugar companies, C. G Smith Sugar and Huletts, which together account for about 70 per cent of South African sugar output. C. G. Smith Sugar, which now comprises Illovo Sugar Estates, the former subsidiary of Tate and Lyle, maintained its dividend last year, while Huletts reduced its dividend. C. G. Smith Investments holds a third of C. G. Smith Sugar and, through various intermediate companies, receives an effective third of Huletts' dividend payments.

Results published by C. G. Smith and Co, the unlisted top company of the group, with 66 per cent of C. G. Smith Investments, showed an increase from R9.6m to R11.5m ($13.2m) in net attributable profit. The Board says that although the sale of its stake in Stranger Pulp and Paper (the venture with Reed International) is "still conditional," the investment has been written off against the surplus on revaluation of other investments and a provision made for the balance due in terms of the agreement. Shareholders will be informed when the agreement is finalised.

It was announced in late April that C. G. Smith and Co. was to sell its 50 per cent of the Stanger venture to Reed for R1, and would in addition pay Reed R16m in cash as the price of disengagement. The R76m plant, largely financed by loans and guarantees, has made substantial losses in the past, but was recently reported to be breaking even. It is not yet known why C. G. Smith's disengagement from the project has not been finalised.

Royal Bank of Canada

THE Royal Bank of Canada is to open a full-scale branch operation in Hong Kong in October, writes AP-DJ from Montreal.

The branch will upgrade its representative office in Hong Kong, which has been in operation since 1958, and will be complementary to its Asian currency unit in Singapore.

Rhone-Poulenc moves out of the red

BY DAVID CURRY

PARIS, June 16.

RHONE-POULENC, France's leading chemical group, claims that the return to a small consolidated profit after two years of heavy losses shows that its recovery programme is beginning to bite.

In 1977 the group recorded a FFr 84m ($18.3m) consolidated profit on a turnover of FFr 23.6bn ($5.1bn) after accounting for some FFr 258m of extraordinary gains and for the commitment of some FFr 325m towards the reorganisation of its heavily loss-making textile operations in France.

In 1975 the group had lost FFr 941m after seeing its turnover slip from FFr 20.35bn to FFr 17.85bn while in 1976 losses totalled FFr 364m on sales of FFr 21.74bn.

The group's two main activities are chemicals and artificial fibres, and the clothing industry is its largest client, accounting for some 23 per cent of sales. After a series of heavy losses in textiles, the group unveiled at the end of last year a drastic reorganisation plan worked out by M. Jean Gandois who had been brought into the group from the steel industry and is the heir apparent to the present chairman, M. Renaud Gillet.

This depended on concentrating on two main lines of product—polyester and nylon—at only three sites in France, while earmarking other sites for industrial reconversion, and permitting the continuation of products outside this range only on the basis of their being profitable, and without guarantee of continuity.

The textile sector had a FFr 707m operating loss last year which it got round by disposing of some FFr 215m of chemical assets to other divisions in the group and the abandonment of credits of some FFr 494m.

Losses in the sector are now some FFr 20m a month less than they were six months ago according to M. Gandois.

The bright spot last year was the 15.8 per cent gain in the health and plant welfare sectors (to account for some 23 per cent of sales), but whereas fine chemicals had a relatively bright year, the petrochemical and polymer sectors were consistently depressed — so that chemicals as a whole stood relatively still accounting for some 42.3 per cent of turnover.

The other main areas of activity are films (some 5.2 per cent of sales) and the Brazilian operation, which are bracketed together and which generated 10.7 per cent of turnover.

So far this year, sales are running 7 per cent ahead of last year, but the group will say no more than that this pattern will continue until the holidays. Nor will it hazard a translation of this into terms of likely profits.

Investments of FFr 1.46bn last year were financed without recourse to additional indebtedness, although the need for working capital meant that there was an across-the-board increase in borrowing. The final profit was arived at after FFr 1.37bn in provisions and FFr 1.78bn in financial charges. The group shed some 2,200 jobs over the year.

Overseas growth continued to outdistance the performance in France, with sales made overseas reaching 59 per cent of the total against 57 per cent the previous year.

Billerud, Uddeholm agree

BY WILLIAM DULLFORCE

STOCKHOLM, June 16.

DETAILS OF the proposed merger between the Billerud pulp and paper company and the forest-based operations of the Uddeholm conglomerate have been agreed by the boards of the two companies and will be submitted to shareholders at the annual meetings on June 30.

Billerud will take over Uddeholm's forests, pulp, paper, timber and chemical operations from August 1 and will change its name to Billerud Uddeholm. Billerud Uddeholm will issue sufficient new shares to enable Uddeholm to obtain 30 per cent (SKr 132m) of its expanded share capital at a price of 120 per cent.

Billerud Uddeholm will take over SKr 993m ($216m) in debts and SKr 100m in pension commitments from Uddeholm. It will also make a SKr 150m bond issue to Uddeholm. This is to be free of interest or amortisation for the first three years and thereafter carry 10.5 per cent fixed interest and be repaid over seven years.

Last year, Billerud made a loss of SKr 120m on sales of SKr 1.48bn, while Uddeholm's forest-based operations lost SKr 219m on a turnover of just under SKr 700m. Billerud stated yesterday that the situation called for the closing down of units operating at a loss and a move towards paper grades which were more economical in wood consumption and of the type not exposed to direct competition from North American manufacturers.

The merger would bring lower operating and administrative costs and allow investments to be coordinated. The increase in forest property would be a strength factor.

A further loss was inevitable in 1978 and was likely to reach between SKr 150m and SKr 200m. Payment of a dividend would not be "compatible with the company's long-term interests." If another loss was to be avoided in 1979, a substantial increase in the prices of finished goods would be needed.

Uddeholm announced that a reduction in the loss on its steel operations of SKr 100-150m this year was "fully possible". Its power plants were expected to contribute annual earnings of SKr 90-100m over the next few years. Neither steel nor the power plants are included in the merger with Billerud.

Ursini resigns Liquigas posts

RAFFAELE URSINI has announced his resignation from the posts of vice-president and managing director of Liquigas, the company which controls chemicals group Liquichimica and of which he is the main shareholder.

The company said in a statement that his resignation is intended to remove any impediment of a personal nature to the delicate industrial and financial salvage of the Liquigas group.

Liquigas has not yet published its 1977 accounts, but a shareholders' meeting has been called for June 30 with a proposal on its agenda for 1977 losses to be covered by drawing on reserves created by revaluation of assets under a 1975 law.

Sig. Ursini owns 7.8 per cent of Liquigas ordinary share capital directly and a further 42 per cent through Societa Assicuratrice Industriale, which he controls. The second major shareholder of Liquigas is Montedison with around 12 per cent.

Liquigas and Liquichimica are among the companies expected to benefit from a Bill drawn up at a Cabinet meeting today setting rules for the participation of banks in the financial salvage of debt stricken enterprises.

Banks owed money by Liquichimica have been working on plans for the salvage of the Liquigas group's chemicals operations.

Sig. Ursini recently outlined at a shareholders' meeting a proposal for setting up a holding company for the entire group, with the participation of banks. Reuter

Veba forecasts recovery

BY OUR FINANCIAL STAFF

VEBA, the West German energy concern which is also the country's largest industrial enterprise in turnover terms, hopes for a recovery in profits this year after a first quarter rise in earnings of 13 per cent to DM 43m ($20.5m).

News of the expected profit improvement and of the surprise DM 800m deal with Deutsche BP pushed up Veba's shares by DM 5.70 on the Frankfurt Stock Exchange to a closing level of DM 116.20.

Last year Veba's net profit plunged steeply from DM 225m to DM 77m after particularly heavy losses in the mineral oil and glass manufacturing sectors. Most of the decline took place in the second half of the year.

EUROPEAN OPTIONS EXCHANGE

Option	Price	July Close	July Vol.	Oct. Close	Oct. Vol.	Jan. Close	Jan. Vol.	Equity close
ATT	$55	6⅛	—	6½	—	6⅝	—	$60⅛
ATT	$60	1⅛	—	2¼	2	2¾	—	..
ATT	$65	⅛	—	[illegible]	—	⅞	—	..
Citicorp	$20	4⅞	—	5⅛	—	[illegible]	—	$24½
Citicorp	$25	1	—	1¾	4	2¼	[illegible]	..
E. Kodak	$40	16¼	—	16½	—	17⅛	—	$55⅛
E. Kodak	$45	11½	—	11¾	2	13.00	—	..
E. Kodak	$50	6¼	6	7⅝	10	8¾	7	..
E. Kodak	$60	¾	23	3⅛	24	[illegible]	42	..
Exxon	$40	6¼	—	6½	—	6¾	—	$45⅜
Exxon	$45	2¼	—	3.00	—	3⅜	—	..
Exxon	$50	¼	—	1⅛	—	1⅝	—	..
GM	$50	10½	—	11	—	12.00	—	$60
GM	$60	2	—	3⅛	—	4⅜	—	..
GM	$70	⅛	—	⅝	—	1¼	—	..
IBM	$240	31¾	—	34¾	—	37.00	—	$259⅜
IBM	$260	14¼	—	19¾	1	23½	—	..
IBM	$280	3½	15	9¼	6	13½	—	..
Sears	$20	4⅛	—	4¾	—	5.00	—	$23½
Sears	$25	⅝	5	1⅛	2	2⅝	6	..
Sears	$30	⅛	—	⅝	—	1⅛	—	..
Algemene	F330	29.50	—	30.00	—	32.00	—	F358
Algemene	F340	20.00	—	22.00	—	24.00	—	..
Algemene	F350	10.50	2	11.50	—	14.50	—	..
Algemene	F360	3.50	—	5.00	—	6.00	—	..
Amro	F70	6.50	—	7.50	—	8.50	—	F75.50
Amro	F75	3.00	—	2.50	2	5.00	—	..
Amro	F80	1.00	—	1.50	—	2.50	—	..
KLM	F160	12.00	4	17.00	—	27.00	—	F169
KLM	F170	6.00	11	12.10	55	20.00	6	..
KLM	F180	4.00	31	10.30	15	17.00	—	..
KLM	F190	2.10	11	8.00	6	12.50	5	..
KLM	F200	1.00	65	6.00	33	8.50	21	..
KLM	F220	—	—	3.00	20	6.50	1	..
Nat Ned	F100	9.50	—	11.50	-	12.70	—	F108
Nat Ned	F110	3.00	9	4.00	—	6.50	—	..
Nat Ned	F120	0.50	—	1.00	10	3.40	—	..
Philips	F22.50	4.50	5	5.40	—	5.80	—	F26.70
Philips	F25.00	2.30	—	2.80	—	3.50	—	..
Philips	F27.50	0.60	—	1.20	17	2.10	4	..
R. D. Shell	F120	10.50	53	12.00	—	14.00	—	F128.50
R. D. Shell	F130	2.50	—	4.80	15	7.00	—	..
R. D. Shell	F140	0.40	—	1.60	25	3.00	3	..
Unilever	F110	12.00	25	12.50	3	15.00	5	F121
Unilever	F120	3.30	—	5.50	15	6.50	—	..
Unilever	F130	0.50	—	1.60	—	2.80	—	..

COMMODITIES/Review of the week
Smelter closure boosts tin

BY OUR COMMODITIES STAFF

TIN PRICES reached their highest levels since December on the London Metal Exchange this week. Standard grade cash tin climbed to £6,905 a tonne at one stage before falling back on profit-taking—last night to £6,765 a tonne—up £60 on the week.

The market was boosted by news that an industrial dispute had closed the Capper Pass smelter at Hull.

Capper Pass, a subsidiary of the Rio Tinto Zinc group, warned when declaring force majeure on contracted deliveries with immediate effect, that the cutback in supplies would last at least a month because of the difficulties involved in restarting furnaces once they were closed down.

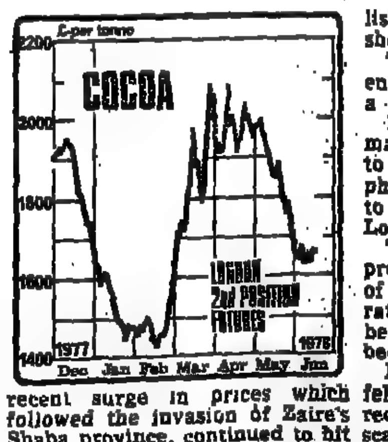
Although Capper Pass is not a big producer in world terms, producing about 15,000 tonnes a year of the world's 200,000 tonne annual output, it is an important source of supplies to Europe, where there is a scarcity at present of immediately available tin.

It was reported yesterday that the International Tin Council's economic price review panel had failed at a meeting in Bangkok to agree on a recommendation for an increase in the "floor" and "ceiling" price range of the International Tin Agreement.

It seems likely, however, that the Tin Council will bow at its meeting next month to pressure from the producing countries for an increase in the price range.

The rise in tin prices was muted by the depressed state of other base metal markets especially copper.

Profit-taking sales, after the recent surge in prices which followed the invasion of Zaire's Shaba province, continued to hit the copper market. Further downward pressure was exerted by the decision of Asarco, one of the leading U.S. producers, to cut its domestic copper price by 2 cents to 65 cents a pound less than three weeks after it had raised the price.



The cut was quickly followed by other North American producers and was taken as confirmation that consumer demand for copper remains sluggish, in spite of reports of some buying by the Chinese.

Copper cash wirebars held steady yesterday to close at £712.25 a tonne, £37.50 down on the week.

World sugar fell to its lowest price level for three months, mainly as a result of the extension of the ratification period for the International Sugar Agreement and a recommendation by the International Sugar Council that the introduction of its contribution system for the establishment of a reserve stock fund should be postponed.

The London daily raws price ended the week £5 lower at £97 a tonne.

Doubts about the agreement may cause some small producers to become aggressive sellers of physical sugar for fear of having to sell at lower prices later, some London dealers said.

The pact has been operating provisionally since the beginning of this year, but it still needs ratification from several members—including the U.S.—to become fully operative.

London coffee futures prices fell back as excitement over the recent series of Brazilian frost scares died down. Weather in the main coffee-producing areas was much warmer throughout the week and this encouraged many speculators to take their profits.

The September price fell to £1,659 a tonne at one time before closing at £1,667.5 a tonne yesterday—down £99 on the week.

The cocoa market continued very quiet, with the September futures quotation closing £24.75 up on balance at £1,661.75.

In the absence of any significant fundamental news, much attention has been focused on the prospects for the negotiation of a new International Cocoa Agreement when the current pact runs out in September 1979.

The consensus at an ad hoc committee meeting held in London this week appears to have been that the pact should be renegotiated rather than extended.

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'ge on week	Year ago	1978 High	1978 Low
Metals					
Aluminium	£680	—	£650	£680	£680
Free Market c.i.f.	$1020/30	—	$1,240/60	$1,026	$995
Antimony (99.6%)	£1,685	—	£2,150	£1,925	£1,525
Free Market (99.6%)	$2,375/460	—	$2,700-750	$2,412.5	$2,135
Copper					
Cash Wire Bars	£712.25	−37.5	£761	£778.5	£612
3 mths Do. Do.	£733.25	−37.5	£779.75	£798.75	£624.75
Cash Cathodes	£707.5	−36.0	£760.5	£773.5	£602.5
3 month Do.	£728.25	−36.5	£769.25	£793.5	£614.75
Gold per oz.	$184.875	+3.25	$139.125	$187.625	$166.125
Lead Cash	£306	−5.5	£330.5	£364.75	£275.25
3 months	£315.75	−6.0	£336.35	£366.25	£280.25
Nickel	£2,566	—	£3,160	£2,566	£2,566
Free Market c.i.f. lb.	$1.87-.97	−0.05	$2.05-.18	$2.0	$1.80
Platinum per oz.	£135		297	£133.0	£96
Free Market per oz.	£136.55	+3.25	£85.35	£138.9	£96.4
Quicksilver (76lbs.)	$150-55	−7	$110/15	$132.5	$122.5
Silver per oz.	291.35p	+3.15	255.6p	299.75p	250p
3 months per oz.	299.15p	+3.15	260.8p	306.95p	253.8p
Tin cash	£6,765	+60.0	£5,537.5	£6,806	£5,590
3 months	£6,672	+35.0	£5,690	£6,767.5	£5,717.5
Wolfram (22.04lb.)	$129.34	−1.0	$178/86	$172.5	$150.5
Zinc cash	£312.15	−4.75	£423.5	£339.5	£255.25
3 months	£322.75	−4.75	£431.75	£349.5	£257.75
Producers	$560/600	—	$700	$600	$550
Grains					
Barley EEC			£73		
Home Futures	£81.45	−1.35	£80.5	£87.75	£70.05
Maize					
French No. 3 Yellow (American)	£104	−1.5	£86.75	£106.75	£98.5

	Latest prices per tonne unless stated	Ch'ge on week	Year ago	1978 High	1978 Low
Wheat					
No. 1 Red Spring	£94.5	−2.25	80.85	£98.5	£83.5
Am. Hard Winter	‡	—	‡	£91.5	£91.5
Eng. Milling (new crop)	£105	+0.5	£82.5	£104.5	£93
Spices					
Cloves	£4,500	—	£4,650	£4,600	£4,500
Pepper, White	$3,050	—	$2,775	$3,300	$2,850
Black	$1,975	—	$2,400	$2,450	$1,975
Oils					
Coconut (Philip'ies)	$655	+5.0	$600	$722	$562.5
Groundnut 5%	£735	−4.0	[illegible]	£753	£587
Linseed, Crude	£380	−5.0	£382	£385	£356
Palm Malayan	$580	−15.0	$600	$640	$493
Seeds					
Copra (Philippines)	$450	+10.0	$412.5	$480	$372.5
Soyabeans (U.S.)	$278	−3.5	$309.85	[illegible]	$234
Other Commodities					
Cocoa shipments	£1,775	+39.0	£2,858	£2,155	£1,511
F'ts 2nd pos	£1,661.75	+24.75	£2,577.5	£2,082.5	[illegible]
Coffee Futures July	£1,667.5	−99.0	£2,418	£1,952.5	[illegible]
Cotton Index	72.8c.	+1.15	70.35c.*	72.75c.*	[illegible]
Des. Coconut	£546	—	£750	[illegible]	[illegible]
Jute LJ ABW Grade	$480	—	$415	$480	$451
Rubber kilo	58p	−0.75	47.5p	58.75p	45.5p
Sago Pearl	£183	—	£206	£190	£177
Sisal No. 3 L	$630/40	—	$640	$665	$627.5
Sugar (raw)	£97	−5.0	£114	£114	£94
Tapioca No. 1	£172	—	£180	£180	£172
Tea (quality) kilo	136p	−4.0	278p	160p	127p
(plain) kilo	80p	−2.0	154p	92p	82p
Wooltops 64s Warp	283p kilo	—	285p kilo	283p kilo	267p kilo

‡ Unquoted. * Nominal. φ Madagascar.

MARKET REPORTS

BASE METALS

COPPER—Quieter than in recent sessions with forward metal moving in a narrow range throughout the day. The high was £734.5 and the low £723.5. Comex was also quiet and steady. The close on the Kerb was £734.5. Net fall on the week was £37.5. Turnover 27,075 tonnes.

[illegible]

COCOA

Prices rose initially with short-covering, but this prompted producer selling which contained the rally. Gill and Duffus reported.

[illegible]

COFFEE

[illegible]

RUBBER

[illegible]

GRAINS

[illegible]

SILVER

[illegible]

IMPORTED—Wheat: CWRS No. 1, 13½ per cent, June £94.50, Tilbury. U.S. Dark Northern Spring No. 2, 14 per cent, June £92.50, July £91.75, Aug. £84, transhipment East Coast (sellers).

Maize: U.S./French June £104, July £104.50, Aug. £101, transhipment East Coast. S. African White June-Aug. £75.50 Glasgow. S. African Yellow June-Aug £75 Glasgow.

HGCA—Ex-farm spot prices, June 16. Feed wheat: Lancashire £87.10. Feed barley: Kent £80.90, Lancashire £81.30.

UK monetary co-efficient for week from June 19 will remain unchanged.

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

MEAT/VEGETABLES

[illegible]

steady. Quotations c and f UK for June shipment: 10-oz 40-inch £9.94, 7½-oz £7.75 per 100 yards: July £9.95 and £7.72: Aug.-Sept. £9.92 and £7.15. "B" Twills: £27.73, £27.84 and £26.00. Yarn and cloth very quiet.

LONDON PALM OIL—June, July, Aug. 300.00-330.00, Sept 290.00-330.00, Oct. 290.00-320.00, Nov. 290.00-315.00, Dec 250.00-310.00, Jan. and Feb. unquoted. Sales: Nil (same).

WOOL FUTURES

LONDON—Dull and featureless, Bache reported.

(Pence per kilo)

[illegible]

FINANCIAL TIMES

[illegible]

REUTER'S

[illegible]

DOW JONES

[illegible]

MOODY'S

[illegible]

U.S. Markets

Sugar gains —copper ends steady

NEW YORK, June 16.

COPPER FINISHED the week on a steady note on mixed Trade and Commission House activity Bache reported. Precious metals maintained their rally of recent days, with strong speculative buying and short-covering following the renewed weakness in the U.S. dollar. Sugar staged a rally late in the week on Commission House short-covering and industrial price fixing.

Cocoa—July 135.60 (135.75), Sept. 130.90 (131.00), Dec. 127.00, March 124.25, May 122.15, July 120.15, Sept. 118.35. Sales: 838 lots.

Coffee—"C" Contract: July 184.60-185.50 (189.85), Sept. 156.94 asked (160.94), Dec. 146.00 asked, March 137.75 asked, May 134.50 asked, July 129.48 asked, Sept. 126.53. Sales: 465 lots.

Copper—June 60.00 (60.20), July 60.20 (60.40), Aug. 60.80, Sept. 61.40, Dec. 63.10, Jan. 63.80, March 64.80, May 65.60, July 66.60, Sept. 67.60, Dec. 69.10, Jan. 69.60, March 70.60. Sales: 6,100 lots.

Cotton—No. 2: July 61.10-61.16 (61.44), Oct. 63.45-63.50 (63.47), Dec. 64.53-64.62, March 65.55-65.60, May 66.20-66.35, July [illegible] bid, Oct. [illegible], Dec. [illegible]. Sales: 3,530 bales.

*Gold—June 185.70 (184.10), July 186.30 (184.00), Aug. 187.30, Oct. 190.40, Dec. 193.40, Feb. 196.40, April 199.30, June 202.30, Aug. 205.40, Oct. 208.50, Dec. 211.60, Feb. 214.70, April 217.80. Sales: 6,230 lots.

†Lard—Chicago loose 22.50 nom. (22.50); NY prime steam 24.00 nom. (24.00 traded).

‡Maize—July 252-251 (254), Sept 254-255 (254), Dec. 256-256, March 262, May 266, July 267.

§Platinum—July 251.60-252.30 (249.60), Oct. 256.10-256.70 (251.60), Jan. 258.00, April 260.00, July 263.00-263.20, Oct. 265.80-265.50, Jan. 268.30-268.50. Sales: 1,592 lots.

§Silver—June 532.40 (529.80), July 534.40 (531.50), Aug. 538.10, Sept. 541.80, Dec. 551.60, Jan. 557.60, March 565.90, May 574.60, July 583.50, Sept. 592.50, Dec. 606.10, Jan. 610.50, March 620.30. Sales: 12,500 lots. Handy and Harman spot bullion 531.50 (523.00).

Soyabeans—July 677-678 (671), Aug. 663-664 (661), Sept. 636, Nov. 615-617, Jan. 620½-620, March 627½-625, May 632-631, July 632.

||Soyabean Meal—July 172.50-172.20 (170.80), Aug. 173.30-172.80 (172.40), Sept. 173.00-173.50, Oct. 170.00, Dec. 167.30-167.50, Jan. 167.20-167.50, March 169.00-169.50, May 170.50-170.20, July 171.10-171.50.

Soyabean Oil—July 25.50-25.55 (25.12), Aug. 24.75-24.90 (24.43), Sept. 24.15-24.10, Oct. 23.30-23.25, Dec. 22.45-22.50, Jan. 22.15-22.20, March 22.00, May 21.92, July 21.70.

Sugar—No. 11: July 7.05-7.05 (6.99), Sept. 7.19 (7.10), Oct. 7.27, Jan. 7.60-7.70, March 8.02-8.04, May 8.24, July 8.30-8.43, Sept. 8.55-8.60, Oct. 8.67-8.74. Sales: 3,200 lots.

[illegible]

This week's SE dealings

Friday, June 16 .... 4,241 | Wednesday, June 14 .... 4,845 | Monday, June 12 4,967
Thursday, June 15 .... 4,862 | Tuesday, June 13 .... 5,163 | Friday, June 9 4,652

The list below records all yesterday's markings and also the latest markings during the week of any share not dealt in yesterday. The latter can be distinguished by the date (in parentheses).

The number of dealings marked in each section follows the name of the section. Unless otherwise denoted shares are £1 fully paid and stock £100 fully paid. Stock Exchange securities are quoted in pounds and fractions of pounds or in pence and fractions of pence.

The list below gives the prices at which bargains done by members of The Stock Exchange have been recorded in The Stock Exchange Daily Official List. Members are not obliged to mark bargains, except in special cases, and the list cannot, therefore, be regarded as a complete record of prices at which business has been done. Bargains are recorded in the Official List up to 2.15 p.m. only, but later transactions can be included in the following day's Official List. No indication is available as to whether a bargain represents a sale or purchase by members of the public. Markings are not necessarily in order of execution, and only one bargain in any one security at any one price is recorded.

‡ Bargains at Special Prices. Δ Bargains done with or between non-members. ♦ Bargains done previous day. § Bargains done with members of a recognised Stock Exchange. ♣ Bargains done for delayed delivery or "no buying-in". $A—$Australian; $B—$Bahamian; $C—$Canadian; $HK—$Hong Kong; $J—$Jamaican; $Ma—$Malayan; $Me—$Mexican; $NZ—New Zealand; $S—$Singapore; $US—$United States; $WI—$West Indian.

BRITISH FUNDS (708)

I.T.I. BANK (—)

CORPORATIONS (58)

SHORT DATED BONDS FREE OF STAMP DUTY

PUBLIC BOARDS (26)

COMMONWEALTH GOVTS. (4)

FOREIGN STOCKS (2)

STERLING FOREIGN CURRENCY BONDS

UK RAILWAYS (6)

BANKS (182)

BREWERIES (159)

CANALS AND DOCKS (5)

COMMERCIAL (2,255)

A—B

C—D

E—F

G—H

I—J—K

L—M

N—O—P

Q—R

S

T—U—V

Porvair (25p) 11Φ
Powell Duffryn (50p) 169Φ 7Φ 7 8
Preedy (Alfred) Sons (25p) 85 (14/6)
Press (William) (5p) 22Φ 4. 8pcLn. 63½ (15/6)
Pressac Hldgs. (10p) 89Φ 5Φ. 10.5pcPf. 100:Φ
Prestige Grp. (25p) 164Φ
Priest (Benjamin) Sons (Hldgs.) (25p) 78Φ 9
Primrose Ind. Hldgs. (R0.10) 71Φ (15/6)
Prince of Wales Hotels (25p) 167 (12/6)
Pritchard Services Grp. (5p) 38½
Props. Hay's Wharf 137 (15/6)

Tesco Stores (Hldgs.) (5p) 44 ½ 40½‡ 3 5
Tex Abrasives (10p) 59 (15/6)
Thames Plywood Manufactures (25p) 36Φ 5 (15/6)
Thermal Syndicate (25p) 117Φ
Thomson Organ. (25p) 251 2 (15/6). 4.72pc1stPf. 50½. 5.83pcPf. 63Φ ½ (15/6). 71 7pcPf. (25p) 60 58½ (12/6)
Thorn Electrical Industs. (25p) 333Φ 2 9 6 7 5 1Φ 8. 5pcUns.Ln. 98Φ
Thurgar Bardex (10p) 15 (15/6)
Tilbury Contracting Grp. 276Φ 80
Tilling (Thomas) (20p) 119 18½ 20 ½ 19½. 5.25pcPf. 58½
Time Prods. (10p) 146 (14/6)
Tomkins (F. H.) (5p) 22½Φ
Tootal (25p) 50. 5pcPf. 38½ (12/6). 7¼pcDb 85-90 68¼ (12/6). 7¼pcUns.Ln. 63 (15/6)

Citroen to launch small family car

BY TERRY DODSWORTH

A SMALL family car is to be launched by Citroen, the French vehicle manufacturer, at the Paris Motor Show in October.

Called the Visa, the car will fit into the Citroen range between the ageing 2CV model and the newer GS.

It will be 12 feet long—about 6 ins longer than the Volkswagen Polo or Renault 5—with five doors and front-wheel drive.

Most mechanical parts in the Visa will be inherited from the present Citroen models, but the styling will be new, with a plunging bonnet line and a hatchback rear end.

The car is the first Citroen design to have emerged since the merger of the company with Peugeot three years ago.

It indicates that, in body styling at least, the two companies intend to keep their identity, although there will be more co-operation on component manufacturing.

Joint talks on saving Upper Docks next week

BY PAUL TAYLOR

A FULL meeting of the Port of London Authority and the eight docks unions is to be held next week to agree a joint rescue plan for the Upper Docks in London's East End.

The third joint Authority and union working party meeting was held yesterday, and is understood to have made progress on the basis for a joint approach to Government.

Much of the discussion is believed to have centred on the unions' agreement to consider changes in working practices, although they still remain opposed to any actual docks closures.

The two sides are still working around a four-part document which includes lists of areas of agreement and disagreement.

The Authority has always said it wished to make a joint approach to Government with the unions on the future of the Upper Docks and now clearly hopes that this can be achieved.

The full meeting of both sides will take place next Friday and the Authority says it hopes to put proposals before Mr. William Rodgers, Transport Minister, before the end of the month.

APPOINTMENTS

Matthew Hall chief executive change

Mr. A. H. J. Hoskins has been appointed managing director of MATTHEW HALL AND CO. He joined the company through a subsidiary, Kelco (Metals), in 1939 and became company secretary of Matthew Hall and Co. in 1959, financial director 1968, and deputy managing director 1976. Mr. Denis Clancey has resigned as managing director of Matthew Hall and Co. to devote more time to other interests. It is expected that he will be available to the company in some other capacity.

*

Mr. Minos A. Zombanakis, a Greek citizen who now resides in England, has been named chairman of INA INTERNATIONAL HOLDINGS, a wholly-owned subsidiary of INA Corporation, and chairman and chief executive officer of Blyth Eastman Dillon International. He will also become a member of the Board and of the executive committee of Blyth Eastman Dillon and Co.

*

Dr. H. M. Heaton has been appointed managing director of JOHNSON-PROGRESS, a member of the Neptune International Corporation of Atlanta, Georgia. He was previously chairman and managing director of the Moseley Rubber Company, now also part of the Neptune Group. The former managing director of Johnson-Progress, Dr. C. M. Thomas, remains a director of the company, acting in a consultancy capacity.

*

Mr. Leslie J. Holliday, managing director of the building division of John Laing Construction, has been appointed chairman of LAING HOMES and Mrs. Jill Bullock has become secretary of that company.

Mr. A. H. J. Hoskins

*

Admiral Sir Raymond Lygo has joined the Board of BOYLE INDUSTRIAL GAUGING SYSTEMS.

*

Three new directors were elected to the Board of the BALTIC EXCHANGE. They are Mr. D. M. M. Clark, a director of Henry W. Peabody Grain and president of GAFTA, Mr. H. L. C. Greig, chairman of H. Clarkson and Co., and Mr. J. A. W. Whitehead, a director of Nedlloyd Bulk Chartering. Retiring members are Mr. P. Chad, Mr. D. Brant and Mr. J. A. C. Hosegood.

*

Mr. Peter Elston, has joined HENRY BOOT CONSTRUCTION as managing director of the building division, Yorkshire region. He will be based at the regional head office, Barnsley.

*

Mr. Derek Bandey, managing director of Metropolitan Pensions Association, has been elected president of the SOCIETY OF PENSION CONSULTANTS.

SINGAPORE

June 16	$	June 16	$
Industrials			
Boys	0.56½	Straits Trad'g	17.0
Boustead	1.96xr	Times Pub.	
Boustead Bhd	2.36	Berhad	3.24xd
Dunlop	4.02	Un. Engineers	1.54
Fraser Neave	4.94	Wearne	3.20
Haw Par	1.17		4.5⅜xd

CONCERTS

ST. JOHN'S, Smith Sq. 20-30 June. 250th ANNIV. FESTIVAL. [illegible] Tickets 01-222 1061.

هكذا من الأصل

[illegible]

ELECTRIC AND POWER

[illegible]

FINANCIAL TRUSTS (73)

[illegible]

W—Y—Z

[illegible]

Williams (John) of Cardiff (25p) 49
Wills (George) (Hldgs) (25p) 61
Wilmot-Breeden (Hldgs.) (25p) 70½ 10 70½ 70½. 20pcPf. (25p) 35½ (13/6)
[illegible]
Winn Industries (20p) 43½
Winterbotham, Strachan and Playne 44 (15/6)
Wire and Plastic Prods (10p) 32 (12/6)
[illegible]
Wood and Sons (Hldgs.) (5p) 55
Wood (Arthur) (Longport) (5p) 42 2½
Wood Hall Tst. (25p) 93
Wood (S. W.) Grp (20p) 43 (15/6)

GAS (6)

[illegible]

INSURANCE (107)

[illegible]

INVESTMENT TRUSTS (177)

[illegible]

American Tst. (25p) 46½ 6 ½ 5
Anglo American Secs. Corp. (25p) 103½. 4½pcPf. 35½. 4pcDb. 68½ (13/6)
Anglo-Scottish Inv. Tst. (25p) 43½ (13/6)
Archimedes Inv. Tst. Inc. (25p) 68 (13/6). Cap. (50p) 34½ 5½ 80 7
Ashdown Inv. Tst. (25p) 124. 4½pcLn. 84 5
Atlanta Baltimore Chicago Reg. Inv. Tst. (10p) 64
Atlantic Assets Tst. (25p) 98 ½
Atlas Electric Gen. Tst. (25p) 59½ 9
Australian Intnl. Tst. (50p) 100
Bankers Inv. Tst. (25p) 57½
Berry Tst. (25p) 63

[illegible]

Scottish Ontario Invest. (25p) 143½ 3 (15/6)
Scottish United Investors (25p) 78 70 8½
Scottish Western Invest. (25p) 98½. (5p) 89 7 (12/6)
Second Alliance Trust (25p) 193½ 2½. 3½pc (15/6). 3½pcDb. 85½ (12/6)
Second Great Northern (25p) 88½ (12/6)
Securities Trust of Scotland (25p) 193½
Sphere Invest. Tst. (25p) 110½
Sterling Trust (25p) 172. 5pcPf. 38 (14/6)
Temple Bar 5pcLn. 74
Throgmorton Trust (25p) 72
Tor Invst. Trust Cap. (25p) 103 4 (15/6)

UNIT TRUSTS (12)

[illegible]

MINING

Australian (28)

[illegible]

Miscellaneous (58)

[illegible]

Rhodesian (7)

[illegible]

South African (22)

[illegible]

West African

[illegible]

Diamond (9)

[illegible]

OIL (146)

[illegible]

Oil Explin. (Hldgs.) (10p) 280 48 54 (13/6)
Premier Consd. Oilfields (5p) 16 17
Ranger Oil (Canada) Cm.Shs. of npv 25½ (13/6)
Royal Dutch Petroleum (fl.20) 47½ 6½ 7 6¼ (15/6)
Shell Transport and Trading (25p) 537 40 2 40 3 38 7 7 ... (Br.) (25p) 548. 5½pc1stPf. 45½ (13/6). 7pc 2ndPf. 60½ (15/6)
Tricentrol (25p) 182 3 2 1. 7pcLn. 200 (13/6)
Ultramar (25p) 261 3 2 60 4. 7pcPfd. 147

PROPERTY (92)

Alliance Prop. Hldgs. 9½pcLn. 78 (15/6)
Allnatt London Props. (25p) 201 (15/6)
Amalgamated Stores (5p) 8½ (15/6)
Apex Props. (10p) 205 6 (15/6)
Aquis Securities (5p) 21½
Avenue Close (20p) 72½
Bank Commercial Hldgs. (10p) 2½ ½ (14/6)
Beaumont Props. (25p) 84 (14/6)
Bellway Hldgs. (25p) 60½
Berkeley Hambro (25p) 174½ 16 15 13 14 15 (15/6)
Billton (P.) (25p) 158 (13/6)
Bradford Prop. Tst. (25p) 222 5 (15/6)
British Land (25p) 33½ 4 ½. 15pcDb. 109 (13/6). 12pcCnv.Uns.Ln. 138
Brixton Estate (25p) 99½ 9 (13/6)
Capital Counties (25p) 51½. Warrants to sub. 0½ (13/6). 9½pcUns.Ln. 73
Carding Group (5p) 19½ (13/6)
Central Dist. Prop. 7½pcDb. 62 (15/6)
Charlwood Alliance Hldgs. 7½pcUns.Ln. 20 (15/6)
Chown Secs. (25p) 12½ (14/6)
Churchbury Ests. (25p) 278
City Offices (25p) 55 (15/6)
Colman (E. Alec) Invests. 8pcLn. 1991-96 50 (15/6)
Control Securities (10p) 36½ 7
Country and New Town Properties (10p) 24. 7pcLn. 1984-89 79 (15/6)
County District Properties (10p) 87½ (15/6)
Daejan Holdings (25p) 90 (15/6)
Dorrington Investment (10p) 52 ¼
English Property Corporation (50p) 40½ 1 3½ 2½ 3 1½ ½ ¼ 2. 6½pcLn. 1985-2003 90. 12pcLn. 2000-05 85 (15/6)
Estates Agency Holdings (25p) 45
Estates Property Investment (25p) 92 (14/6)
Evans of Leeds (25p) 98 (14/6)
Great Portland Estates (50p) 299 8
Hammerson Property Invest. Trust A (25p) 573
Haslemere Estates (10p) 241 39 8 (15/6)
Imry Property Holdings (25p) 318 (15/6)
Intereuropean Property Holdings (10p) 33 ½
Kennings Estates 5½pcPf. 40½
Land Secs. Inv. Trust (50p) 207½ 7 7 6 12 11. 7½pcDb. 62½ (13/6). 8 pc Ln. 88 8½ (15/6). 5½pcLn. 165 (15/6). 6½pcLn. 140 3 (15/6). 10pcLn. 144 6 6 2
Law Land (20p) 38. 7½pcDb. 72 (13/6). 7½pcLn. 64 (12/6)
London Provl. Shop (10p) 91½ 90 (15/6)
London County F'hold L'hold 7½pcDb 66 (13/6)
London Shop (25p) 60½ 1½
MEPC (25p) 126 4. 4pcDb. 49½ (15/6). 8pcLn. 62½ (14/6). 5pcLn. 91 (12/6)
McKay Secs. (20p) 225 (14/6)
Midhurst White (10p) 41 ½ (14/6)
Mountview Ests. (5p) 56 (15/6)
Mucklow (A. J.) (25p) 120 (14/6). 7pc Pf. 51 50½ (15/6)
Peachey (25p) 79 8
Property Partnership (25p) 120 (15/6)
Raglan Prop. Tst. (5p) 6 5½
Regional Props. (25p) 76 (13/6). A (25p) 65½
Regis Prop. Hldgs. 5½pcLn. 59 (15/6)
Rush Tompkins Grp. (25p) 118
Samuel Props. (25p) 90
Scottish Metropolitan Prop. (20p) 107 5 (15/6)
Second City Props. 7pcLn. 81 (14/6)
Slough Ests. (25p) 117. 10pcLn. 162
Stock Conversion Inv. Tst. (25p) 252. 5½pcLn. 248 (15/6)
Sunley (Bernard) Inv. Tst. (25p) 216 17 (15/6)
Town City Props. (10p) 13 12½. 6pcLn. 79 (15/6)
Town Centre Secs. (25p) 59 (12/6)
Trafford Park Ests. (25p) 107 10 11 8 (13/6)
United Real Prop. Tst. (25p) 250 3 (15/6)
Warner Est. Hldgs. (25p) 120 (12/6)
Webb (Joseph) (5p) 16 (15/6)
West London Prop. Corp. 5pc1stDb. 90 (12/6)
Westminster Prop. Grp. (20p) 18 ½ (12/6)
Winston Ests. (25p) 77½ 7 (12/6)

RUBBER (23)

Anglo-Indonesian Cpn. (25p) 97
Bertam Consolidated Rubber (10p) 61 (14/6)
Bradwall (F.M.S.) Rubber Estates (10p) 50 (14/6)
Castlefield (Klang) Rubber Estate (10p) 242
Consolidated Plantations Warnts. to Sub. for Shs. 61 (15/6)
Dunlop Plantations 6pcPf. 44 (15/6)
Guthrie Con. 280 73. 9½pcLn. 1992-97 69 (14/6)
Harrisons Malaysian Estates (10p) 96 6
Highlands Lowlands Berhad (SMa. 0.50) 109 10 9

TEA (5)

[illegible]

SHIPPING (37)

[illegible]

WATERWORKS (3)

[illegible]

SPECIAL LIST

Business done in securities quoted in the Monthly Supplement.

JUNE 16 (Nil)

JUNE 15 (Nil)

JUNE 14 (2)

Bulgarian 4 pc Gold Bds 1907 £7 [illegible]

JUNE 13 (2)

[illegible]

JUNE 12 (2)

Wade Potteries 6pcPf. [illegible]

RULE 163 (1) (e)

Bargains marked in securities which are quoted or listed on an overseas Stock Exchange.

JUNE 16

Afrikander Lease 230
Anglo Utd. 245 61 205 200 300 20

[illegible]

JUNE 15

[illegible]

Monteedison 14
Offshore Oil 5½
Pancontinental £14¼ ½
Peko Wallsend 534 3
Petrofina U.S.$118
Rembrandt Grp. 216
Swire Pacific A 125½ 35 4½ 4

JUNE 14

[illegible]

JUNE 13

[illegible]

JUNE 12

[illegible]

RULE 163 (2) (a)

Applications granted for specific bargains in securities not listed on any Stock Exchange.

JUNE 16

[illegible]

JUNE 15

[illegible]

Cedar Hldgs. 5pcRd.Cnv.Pf. 30
Aran Energy 115 2
Buenos Ayres Lacroze Tramways 5pcExt. Mtg Dbs. £17
Burrough (James) 107
Channel Hotels and Props. 20½
Clyde Petroleum 126 4

AMENDMENT

The following appeared on the list dated June 12—
Nationwide Leisure Ord. 5p 6 5½ 5.
this was incorrect and should have read—
Nationwide Leisure Ord. (5p) 5½ [illegible]

JUNE 14

[illegible]

JUNE 13

[illegible]

JUNE 12

[illegible]

RULE 163 (3)

Bargains marked for approved companies engaged solely in mineral exploration.

JUNE 15

[illegible]

JUNE 14

[illegible]

JUNE 13

[illegible]

JUNE 12

[illegible]

Siebens Oil and Gas (U.K.) 356 354 351½ 350 349½ 348 346 344½ 342½ 352 344

(By permission of the Stock Exchange Council)

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Barking (01-592 4500)	10¾	½-year	1,000	4-6
Barking (01-592 4500)	11¼	½-year	5,000	4-6
Barnsley Metro. (0226 203232)	11	½-year	250	5-7
Knowsley (051 3466555)	11⅛	½-year	1,000	5-7
Poole (02013 5151)	10⅝	½-year	500	3
Poole (02013 5151)	11¼	½-year	500	6-7
Redbridge (01-478 3020)	11	½-year	200	5-7
Sefton Met. BC (051 922 4040)	11⅛	½-year	2,000	5-7
Thurrock (0375 5122)	11⅛	½-year	300	4
Thurrock (0375 5122)	11⅜	½-year	300	5-8

BUILDING SOCIETY RATES

	Deposit Rate	Share Accnts.	Sub'pn Shares	*Term Shares
Abbey National	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 2 yrs.
Alliance†	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.20% 2 yrs., 6.95% 1 yr.
Anglia	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 2 yrs., 5.75% 1 yr.
Birmingham	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 2 yrs., 5.75% 1 yr.
Bradford and Bingley	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 2 yrs., min. £500
Bristol and West	5.25%	5.50%	6.75%	—
Bristol Economic†	6.45%	6.70%	7.95%	6.95% 3 months' notice
Britannia	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 2 yrs., min. £500
Burnley	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 2 yrs.
Cardiff	5.75%	6.30%	7.30%	—
Catholic	5.00%	•5.60%	6.75%	— • 5.80% over £5,000
Chelsea	5.25%	5.50%	6.75%	6.25% 6 months' notice, minimum £500
Cheltenham & Gloucester†	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.20% 2 yrs. (£500-£15,000)
Citizens Regency	5.25%	5.80%	7.30%	7.95% 3 yrs., over £5000
City of London	5.50%	5.80%	6.75%	6.72% 3 yrs., minimum £500
Coventry Economic	5.25%	5.50%	6.75%	6.50% 3 yrs., 6% 1yr. min. 3 mths. notice
Coventry Provident	5.25%	5.50%	7.50%	6.75% 3 yrs.
Derbyshire	5.25%	5.50%	6.75%	— Up to 6% 3 months' notice
Gateway†	6.45%	6.70%	7.95%	7.70% 3yrs., 7.20% 2yrs. min. £500-£15,000
Guardian	5.25%	5.75%	6.00%	6.45% 3 mths.' notice, minimum £1,000
Halifax†	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.20% 2 yrs.
Hastings and Thanet	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 1½ yrs., £250-£15,000
Heart of England	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 3 months' notice
Hearts of Oak & Enfield	6.45%	6.95%	8.45%	7.95% 3 yrs., 7.70% 2 yrs., 7.45% 1 yr.
Hendon	6.70%	—	—	7.70% 6 months, 7.20% 1 month
Huddersfield & Bradford†	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.20% 2 yrs.
Leamington Spa	5.35%	5.60%	7.36%	6.35% 2 yrs.
Leeds Permanent	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 2 yrs., min. £1,000
Leicester	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 2 yrs., 5.75% 6 mths.
Liverpool	5.25%	5.50%	6.95%	6.60% 3 yrs., 6.10% 2 yrs., min. £1,000
London Goldhawk	5.25%	5.75%	7.00%	—
Melton Mowbray†	6.55%	6.80%	7.95%	7.55% 2 yrs., min. £2,000
Midshires†	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.20% 2 yrs., min. £250
Mornington	5.20%	6.20%	—	—
National Counties†	6.70%	7.00%	8.00%	7.45% 3 months, min. £1,000
Nationwide†	6.45%	6.70%	7.95%	7.70% 3-4 yrs., 7.20% 2 yrs., min. £500
Newcastle Permanent	5.00%	5.50%	6.80%	6.80% 3 yrs., 6.50% 2 yrs.
New Cross	7.25%	7.50%	—	—
Northern Rock†	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.20% 2 yrs., min. £100
Norwich	5.25%	5.50%	7.00%	6.25% 2 yrs., minimum £500
Paisley	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 2 yrs., min. £500
Peckham Mutual	5.50%	6.00%	—	—
Portman	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 2 yrs., 5.75% 3 mths.
Principality Buildg. Society	6.45%	6.70%	7.05%	7.20% 2 yrs., minimum £500
Progressive†	6.70%	6.95%	7.95%	7.95% 3yrs., 7.70% 2yrs., 7.45% 3mths.not.
Property Owners†	6.45%	7.20%	8.45%	7.60% 3 mths. not., 5.75% to limitd. cos.
Provincial	5.25%	5.50%	6.75%	6.50% 3-4 yrs., 6.00% 2 yrs.
Skipton	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 2 yrs.
Sussex Mutual	5.55%	5.80%	7.05%	6.85% 3 yrs., 6.55% 2 yrs., 6.25% 1 yr.
Town and Country	5.25%	5.50%	+10.00%	6.50% 3 yrs., 6.00% 2 yrs. + Max. £250
Woolwich	5.25%	5.30%	6.75%	6.00% 2 yrs., 6.50% 3 yrs.

* Rates normally variable in line with changes in ordinary share rates. † Effective from July 1, 1978.

Currency, Money and Gold Markets

UK MONEY MARKET

Exceptional shortage

Bank of England Minimum Lending Rate 10 per cent

Day to day credit was again in short supply in the London money market and for the fifth consecutive day the authorities were required to give an exceptional amount of assistance by lending the same amount to nine or 10 houses at MLR for repayment on Monday. The help appeared to have been overdone although discount houses were paying between 9 per cent and 10 per cent for secured call loans at the end of the day.

The market was faced with a slight net take up of Treasury bills and an increase in the note circulation. This was in addition to the exceptionally large loans made to the market on Thursday which had to be repaid.

On the other hand, Government disbursements exceeded revenue transfers to the Exchequer and banks brought forward balances above target. In the interbank market, overnight loans opened at 11¾-11⅞ per cent and firmed to 12-12¼ per cent before easing to 11¾-12 per cent and this level saw a greater part of the day's business. However, rates fluctuated before closing balances were taken at 8-9 per cent.

At the weekly Treasury bill tender, the average rate of discount fell 0.2903 per cent to 9.1348 per cent. The minimum accepted bid was £97.71½ compared with £97.65 last week and bids at that level were met as to about 20 per cent. The £300m bills tendered and allotted attracted bids of £888.42m and all bids offered were allotted. Next week £300m will be on offer.

THE POUND SPOT

June 16	Bank rate %	Day's spread	Close
U.S. $	7	1.8285-1.8320	1.8305-1.8315
Canadian $	9½	2.0415-2.0500	2.0465-2.0490
Guilder	4	4.10[illegible]-4.12[illegible]	4.1[illegible]-4.11¾
Belgian Fr.	5½	60.00-60.40	60.10-60.20
Danish Kr.	8	10.37-10.40[illegible]	10.38[illegible]-10.39[illegible]
D-Mark	3	[illegible]	[illegible]
Port. Esc.	18	83.50-84.25	83.70-84.20
Span. Pes.	8	145-146	145.20-145.40
Lira	11½	1,574-1,580	1,577-1,578
Norwgn. Kr.	7	9.91-9.94	9.91½-9.92½
French Fr.	9½	8.41½-8.45	8.42-8.43
Swedish Kr.	7	8.45½-8.48½	8.46-8.47
Yen	3½	390-400	394½-398½
Austria Sch.	5½	27.50-27.70	27.50-27.60
Swiss Fr.	1	3.48-3.50	3.46⅞-3.47⅞

Belgian rate is for convertible francs. Financial franc 60.25-60.45.

EXCHANGES AND GOLD

Trading in yesterday's foreign exchange market remained extremely quiet ahead of the weekend. Sterling showed little change and traded against the U.S. dollar within a very narrow range of $1.8285-1.8320. The opening level was $1.8295-1.8305 and the little business that did occur was around the $1.8300 level. The pound finished at $1.8305-1.8315, a rise of just 5 points. On Bank of England figures, the pound's trade weighted index remained at 61.3 having shown a slight improvement during the morning to 61.4.

The U.S. dollar started the day on a firmer note mainly reflecting the fall in Japan's trade surplus for May. There appeared to be little reaction to the rise in U.S. prime rates, this having been largely discounted in the market. So with the opening of New York markets, the dollar appeared to suffer from a certain amount of over reaction and ended at its weakest level against most currencies. Trading was again very quiet and the dollar fell to SwFr 1.8925 from SwFr 1.9025 in terms of the Swiss franc, while the West German mark also improved to DM 2.0935 from DM 2.0950. The Japanese yen finished at Y216 against Y216.25 previously, having been down to Y217½ at one point.

In fairly active trading Gold improved $2½ an ounce to $184¼-185¼ after opening at $183¾-184¼. The Krugerrand's premium over its gold content widened to 4.10 per cent in international dealings and narrowed to 3.04 per cent domestically from last Friday's common close of 3.37 per cent.

GOLD MARKET

	June 16	June 15
Gold Bullion (a fine ounce)		
Close	$184¼-185¼	$182⅜-183
Opening	$183¾-184¼	$182½-183¼
Morning fixing	$184.00 (£100.498)	$182.65 (£99.868)
Afternoon fixing	$184.60 (£100.847)	$182.15 (£99.405)
Gold Coins domestically		
Krugerrand	$191-193½ (£104½-105½)	$189½-190½ (£103½-104½)
New Sovereigns	$56½-57½ (£29¾-30¾)	$55¾-56¾ (£29¾-30¾)
Old Sovereigns	$56½-57½ (£30¾-31¼)	$56½-57½ (£30¾-31¼)
Gold Coins internationally		
Krugerrand	$189½-191½ (£103½-104½)	$187½-189½ (£102½-103½)
New Sovereigns	$52½-54½ (£28¾-29¾)	$52½-54½ (£28½-29½)
Old Sovereigns	$55½-57½ (£30½-31½)	$55½-57½ (£30½-31½)
$20 Eagles	$276½-278½	$276½-278½
$10 Eagles	$164½-167½	$160-165
$5 Eagles	$98-102	$100-104

LONDON MONEY RATES

June 16 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	8-12½	—	—	—	—	9-10	—	—	—
2 days notice	—	—	10¼-11¼	—	—	—	—	—	—	—
7 days or 7 days notice	—	10⅛-12	10⅛-11¼	—	10⅝-11¼	—	9⅞-10	—	—	—
One month	10¼-10	[illegible]-10⅛	10⅝-11	9⅞-11	[illegible]-11	—	9½-9¾	[illegible]	10⅛-10¼	10⅜
Two months	[illegible]-9⅞	10⅛-10[illegible]		9½-10¼	10⅛-10⅜	—	9⅝-9½	[illegible]	10	10½
Three months	9-9[illegible]	9[illegible]-10[illegible]	10-10[illegible]	9¼-10⅛	[illegible]-10⅝	—	9¼-9⅜	9⅛-9¼	[illegible]	10⅝
Six months	9[illegible]	9[illegible]-10[illegible]	10-10⅛	8¾-9⅞	10¼-10[illegible]	—	—	—	9½	10¾
Nine months	9[illegible]	9[illegible]-10		9¼-9[illegible]	10[illegible]	—	—	—	..	—
One year	9[illegible]-9[illegible]	9[illegible]-10[illegible]	10¼-10½	9¼-9⅞	[illegible]-10½	—	—	—	..	..
Two years	—		10½-10¾	—	—	—	—	—	..	..

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rate nominally three years 11⅝-11¾ per cent; four years 12⅛-12¼ per cent; five years 12⅛-12⅜ per cent. ⊕ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 9[illegible] per cent; four-month trade bills 10[illegible] per cent.

Approximate selling rates for one-month Treasury bills [illegible] per cent; two-month 9[illegible] per cent; and three-month [illegible] per cent. Approximate selling rate for one-month bank bills 10 per cent; and two-month 9[illegible] per cent; and three-month 9[illegible]-9 per cent. One-month trade bills 10[illegible] per cent; two-month 10[illegible] per cent; and also three-month 10[illegible] per cent.

Finance Houses Base Rate (published by the Finance Houses Association) 9[illegible] per cent from June 1, 1978. **Clearing Bank Deposit Rates** (for small sums at seven days' notice) [illegible] per cent. **Clearing Bank Base Rates** for lending 10 per cent. **Treasury Bills:** Average tender rates of discount 9.1348 per cent.

CURRENCY RATES

June 15	Special Drawing Rights	European Unit of Account
Sterling	0.670617	0.672029
U.S. dollar	1.22676	1.22960
Canadian dollar	1.37360	1.37878
Austrian schilling	18.4474	18.4862
Belgian franc	40.3359	40.4293
Danish krone	6.95082	6.96765
Deutsche Mark	2.56834	2.57384
Guilder	2.75224	2.75929
French franc	5.63942	5.65260
Lira	—	10.58.12
Yen	264.244	265.807
Norwegian krone	6.63677	[illegible]
Peseta	97.6354	97.8206
Swedish Kroner	5.68137	[illegible]
Swiss franc	2.33416	2.33898

EURO-CURRENCY INTEREST RATES*

June 15	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss Franc	W. German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	12¼-13¼	7½-8¼	7½-7¾	4¼-4½	⅛-⅜	3¼-3⅝	[illegible]-10⅞	14-18	—	4¼-6¼
7 days notice	13½-14	7½-8¼	7⅝-7[illegible]	4¼-4½	⅛-⅜	3¼-3⅝	10⅛-10[illegible]	14-18	7[illegible]-7[illegible]	2½-4½
Month	12¼-12[illegible]	7¾-8[illegible]	8-8¼	4¼-4½	1⅛-1¼	[illegible]	[illegible]-10¼	12-13	7[illegible]-7[illegible]	3½-3⅞
Three months	12[illegible]	8[illegible]	8⅝-8⅞	4½-4¾	[illegible]	3¼-3½	10½-10⅝	12½-13½	7¾-7½	3⅝-3⅞
Six months	12⅛-12½	8½-8⅞	8⅞-9⅛	5⅛-5⅜	1¾-1⅞	3½-3⅝	[illegible]	13½-14½	8[illegible]	3[illegible]-4⅛
One year	12½-12¾	8¾-9¼	9-9¼	5½-5¾	2-2⅛	3⅝-3¾	11¼-11½	14-15	8[illegible]	4⅜-4¾

The following nominal rates were quoted for London dollar certificates of deposit: One month 8.00-8.10 per cent; three months 8.25-8.35 per cent; six months 8.65-8.75 per cent; one year 8.85-8.95 per cent.

Long-term Eurodollar deposits: two years 9[illegible] per cent; three years 9[illegible] per cent; four years 9[illegible] per cent; five years 9[illegible] per cent. * Rates are nominal closing rates.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs.

Asian rates are closing rates in Singapore.

U.K. CONVERTIBLE STOCKS 16/6/78

Statistics provided by data STREAM International

Name and description	Size (£m.)	Current price	Terms*	Conversion dates	Flat yield	Red. yield	Premium† Current	Premium† Range‡	Income Equ.§	Income Conv.¶	Income Diff.♡	Cheap(+) Dear(−)◇ Current
Alcan Aluminium 9pc Cv. 89-94	9.05	155.00	100.0	76-80	5.8	3.1						
Associated Paper 9½pc Cv. 85-90	1.40	115.00	200.0	76-79	8.2	6.7	−7.5	−10 to 1	5.0	4.4	−0.5	+ 6.8
Bank of Ireland 10pc Cv. 91-96	8.22	176.00	47.6	77-79	5.8	3.0	−1.4	− 8 to −1	10.8	9.4	−0.8	+ 0.7
British Land 12pc Cv. 2002	7.71	137.00	333.3	80-97	8.9	8.5	24.5	14 to 30	0.0	92.3	83.9	+59.4
English Property 6½pc Cv. 98-03	8.84	93.00	234.0	76-79	7.1	7.2	−3.1	−11 to 11	8.3	3.1	−5.4	− 2.3
English Property 12pc Cv. 00-05	15.31	88.00	150.0	76-84	13.9	13.9	43.1	24 to 102	30.4	48.4	29.4	−13.7
Hanson Trust 6½pc Cv. 88-93	4.51	81.00	57.1	76-80	8.2	9.0	9.0	1 to 11	8.2	8.9	1.0	− 8.0
Hewden-Stuart 7pc Cv. 1995	0.07	270.00	470.4	75-79	2.6		−15.6	−18 to −7	9.1	6.7	−0.8	+14.8
Pentos 15pc Cv. 1985	1.06	152.00	166.7	76-82	10.3	7.2	−4.0	−5 to 36	42.4	49.4	4.4	+ 8.4
Slough Estates 10pc Cv. 87-90	5.50	162.00	125.0	78-87	6.2	2.3	10.8	7 to 14	36.4	52.8	11.2	+ 0.4
Tozer, Kemsley 8pc Cv. 1981	7.33	97.00	153.9	74-79	8.3	9.4	8.7	3 to 35	7.2	7.5	0.3	− 8.4
Wilkinson Match 10pc Cv. 83-98	11.10	90.00	40.0	76-83	11.1	11.2	35.5	29 to 40	27.5	36.0	14.2	−21.3

* Number of ordinary shares into which £100 nominal of convertible stock is convertible. † The extra cost of investment in convertible expressed as per cent of the cost of the equity in the convertible stock. ‡ Three-month range. § Income on number of ordinary shares into which £100 nominal of convertible stock is convertible. This income, expressed in pence, is summed from present time until income on ordinary shares is greater than income on £100 nominal of convertible or the final conversion date whichever is earlier. Income is assumed to grow at 10 per cent per annum and is present valued at 12 per cent per annum. ¶ Income on £100 of convertible. Income is summed until conversion and present valued at 12 per cent per annum. ♡ This is income of the convertible less income of the underlying equity expressed as per cent of the value of the underlying equity. ◇ The difference between the premium and income difference expressed as per cent of the value of underlying equity. + is an indication of relative cheapness. − is an indication of relative dearness.

STOCK EXCHANGE REPORT

Equity markets enlivened only by situation stocks

Leading Industrials edge higher—Gilts remain quiet

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
May 30	Jun. 8	Jun. 9	Jun. 20
Jun. 12	Jun. 22	Jun. 23	July 4
Jun. 26	July 6	July 7	July 18

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Situation stocks claimed most of the attention in equity markets yesterday. Nevertheless, the Industrial leaders edged higher and selective support was again forthcoming for secondary issues.

Although there was little in the way of background news to aid sentiment, the underlying tone was probably helped by the sharp increase in industrial output during May and by the slight latest slowdown in the UK rate of inflation. Trading conditions were a little uncertain at the start, but sellers held off and the leaders gradually edged higher on a modest demand. Business virtually came to a standstill during the afternoon and the FT 30-share index, which touched its best of the day at noon, held at that level until the late dealings. Then prices came back a penny or so in places and the index closed a net 1.4 higher at 470.6.

British Funds continued to trade quietly. Short-dated stocks fluctuated within fairly narrow limits before ending with losses ranging from ⅛ to ¼. Applications for the new tap in this sector were allotted in full. Among the longer maturities, interest was shown in the new long tap, Exchequer 12 per cent, 2013/17, (£15 paid) when first-time dealings commenced yesterday; after opening at par, the price eased to 14⅞ before settling at 14⅞.

Among the outstanding movements in the equity sector, Pilkington Bros. jumped 37p to 520p in response to extremely good results and proposed one-for-one scrip issue, but Guinness contrasted with a fall of 10 to 170p, after 164p, on unexpectedly poor half-yearly profits.

Interest faded in Thursday's newcomer, South Tyneside 12¼ per cent 1986 (£10-paid) but the price held at 10¼, a premium of ¼ on the level at which the stock was issued. Other recently-issued Fixed interests occasionally staged marginal improvements despite news of yet another new flotation in the shape of £7m of Southend-on-Sea 12 per cent 1987 stock, to be issued at £98¼. Agricultural Mortgage Variable 1983 made a quiet debut at 100¼ compared with the issue price of £100.

Late book-squaring operations caused a recovery in the investment currency premium which, after trading easier at around 112¼ to 112¾ per cent for much of the day, closed fractionally higher on balance at 113¼ per cent. The unexpected recovery in Chilean operations brought rises of 1¼ points in both Antofagasta Railway ordinary, at £20¼, and Preference, at £34¼. Yesterday's SE conversion factor was 0.6685 (0.6606).

An uninspiring week in the Traded Option market came to a quiet close. Only 277 contracts were done yesterday compared with the previous day's total of 367.

Banks mixed

Slightly firmer at first, the major clearing banks drifted lower late to close mixed. NatWest ended a shade dearer at 268p but Barclays closed 3 lower at 325p, after 330p. Merchant Banks were inclined harder in places and Hill Samuel put on 2 to 86p. Among firm Hire Purchases, F. C. Finance, 63p, and Lloyds and Scottish, 92p, rose 2 apiece, while UDT hardened a penny to 39p.

Interest in Breweries centred largely on Guinness which closed 10 off at 170p, after 164p, following interim figures substantially below market expectations.

A firmer trend developed in Buildings, but the improvements were generally small. Blue Circle gained a couple of pence at 242p, but Tunnel B ended modestly lower at 269p awaiting next Thursday's results. Contracting and Construction issues remained mixed with Marchwiel again dull at 303p down 5 but Taylor Woodrow making modest headway to 379p, up 3. Housebuilders Milbury put on 5 to 105p on the higher profits and 100 per cent scrip issue and, despite Thursday's lower profits, William Leech improved 3 more to 88p. International Timber added a penny to 124p in further response to the annual results.

ICI, initially easier at 385p, picked up in later dealings to finish at the overnight level of 388p. Despite news that union officials are to discuss the implications of a takeover by Tenneco next week, Albright and Wilson held a modest improvement at 170p. Horace Cory put on 2½ to 23p in a thin market and country demand prompted a similar rise in James Halstead, at 23½p.

Debenhams firm

Leading Stores ended the week on a firm note with sentiment helped by hopes of increased retail sales. British Home ended 3 up at 189p, while Burton A, 116p, Gussies A, 278p, and W. H. Smith A, 158p, all improved 2. Debenhams moved up 3 to 87p in response to the chairman's encouraging statement at the annual meeting.

Elsewhere, speculative buying in a thin market prompted a fresh rise of 5 to 93p in MFI Furniture, while demand of a similar nature lifted Bourne and Hollingsworth 16 to 118p. Wilkinson Warburton added 4 at 73p.

EMI came on offer late in Electricals and fell 3 to 138p. M.K. Electric, which reports preliminary figures on June 28p, slipped 4 to 179p, but news of the proposed sale of its S.A. subsidiary enabled Racal Electronics to harden 3 to 254p. GEC edged forward a penny to 262p helped by the planned link-up with the American concern Fairchild, while continuing speculative interest lifted Electrocomponents 5 further to 430p. Thorn Electrical were also better at 338p, up 4, following Press comment on its involvement in the television video-recorder market.

Good gains appeared among secondary Engineerings. A bear squeeze brought about a rise of 4 to 65½p in IMI, while buying in a thin market left Braithwaite up 7 at 140p. Comment on the sharp acceleration in second-half profits helped Triplex Foundries put on 5 more to 89p and Turriff encountered buyers at 51p, up 6. A dull market since Tuesday's announcement of a sharp contraction in annual earnings, Pegler-Hattersley perked up and closed 4 higher at 164p, while Glynwed edged forward a penny to 106p on an investment recommendation. Westland, at 35p, retrieved 2 of the previous day's loss of 19 which followed the dismal interim report and passing of the half-yearly dividend. Staveley Industries, however, met profit-taking and lost 6 to 282p. Tubes moved up 4 to 372p among the leaders but Hawker lost that much to 224p.

Foods adopted no set pattern. Still reflecting disappointment with the preliminary figure, Robertson Foods eased 3 to 141p for a loss on the week of 9. R. Paterson, at 45p, gave up 2 of the previous day's jump of 8 which followed the results, but Tate and Lyle became a steadier market and closed a penny better at 175p following Press comment on the annual results. Among quiet Hotels and Caterers, Grand Metropolitan edged forward 1½ to 100p.

Pilkington please

Preliminary profits way above expectations and the proposed 100 per cent scrip-issue prompted a jump of 37 to a 1978 peak of 520p in Pilkington and also helped other miscellaneous Industrial leaders rally from a dull start. Metal Box closed 8 higher at 314p on investment demand and Boots were 3 to the good at 191p. Bowater hardened 2 to 202p, while similar improvements were seen in Glaxo, 575p, Rank Organisation, 250p and Reckitt and Colman, 482p. Elsewhere, announcement of the bid terms from Newman Industries left Wood and Sons up 9 at 37p. Fresh speculative buying lifted Avon Rubber 6 to 200p, while recovery hopes prompted an improvement of 3 to 77p in English China Clays. J. F. Nash Securities encountered renewed support at 130p, up 5, and Rockware closed a similar amount dearer at 139p. Bentima Industries also met buying interest and hardened 2 late to 26½p, while Ferguson Industrial edged forward a penny to 109p following the results. Still drawing strength from the chairman's encouraging annual statement, Barr and Wallace Arnold Trust A improved 2 more to 101p. Camrex, 3 better at 63p, picked up after recent easiness caused by the chairman's profits warning but Randalls fell 5 to 69p following news that the results have been delayed.

Jonas Woodhead provided a late dull spot at 92p, down 5, reflecting disappointment with the reduced earnings, but other Motors and Distributors were generally better where changed. Heron revived with a rise of 6½ to 137½p, while renewed demand lifted Dowty 4 to 211p and Flight Refuelling 5 to 142p. Dutton-Forshaw mirrored the chairman's optimistic view on prospects with a gain of 2 to 48½p. Other firm spots included BSG International, ½ harder at 42p, and Kenning, 3 better at 78p, the latter being helped by call-option business.

In a small trade, demand in thin markets lifted Daily Mail "A" 8 to 303p and News International 2 to 255p. Elsewhere, Tridant improved 2 to 35p in belated response to the results, while Oxley firmed 3 to 64p on occasional interest.

Properties improved but settled below the best. Land Securities gained 3 to 210p, after 212p, but MEPC finally reverted to the overnight level of 125p, after 127p. British Land, despite Press mention, finished only fractionally higher at 34p, while English Property added a penny at 42p: an announcement is expected next week regarding the latter's talks with an unnamed Continental group now generally accepted to be the Dutch concern, Wereldhave. Elsewhere, Lynton put on 7 to 124p on small buying in a restricted market and similarly Warnford Investments added 5 at 272p. Berkeley Hambro and Churchbury Estates firmed 3 apiece to 118p and 283p respectively, the latter in further response to British Land's recent acquisition of a share stake. Control Securities improved a penny more to 38p ahead of next Wednesday's results, but Dorrington were unmoved at 32p despite the higher annual profits.

BP drift

British Petroleum's proposed U.S. and German deals, worth together over £400m, failed to draw buyers and the close was 4 easier at 862p. Shell were similarly cheaper at 540p. Elsewhere, renewed speculative support, after recent easiness, lifted Siemens (U.K.) 22 to 352p.

James Finlay figures prominently in Overseas Traders, rising 15 to a 1978 peak of 390p on publicity given to a broker's circular. S. and W. Berisford shed 2 to 135p on fresh consideration of the interim results, while small selling clipped 5 from Inchcape, at 413p, and 12 from Harrisons and Crosfield, at 475p.

Investment Trusts finished on a quietly firm note following this week's bid by Barclays Bank on behalf of the Post Office pension fund for Investment Trust Corporation: the last-named eased 3 to 273p. Camellia Investments scored an exceptional rise of 23 to a 1978 peak of 280p on renewed speculative interest in a thin market. Financials had Grimshawe up 3 more at 25p and S. Pearson 5 higher at 224p.

Following recent easiness, Shippings became a steadier market.

Anglo Utd. erratic

Most of the interest in mining markets was again focussed on the Irish Canadian sector where Anglo United Development continued to move erratically in a good two-way trade.

After opening higher at 240p the shares dropped to 205p before recovering in the afternoon to close unchanged on balance at 225p—a week's improvement of 61p.

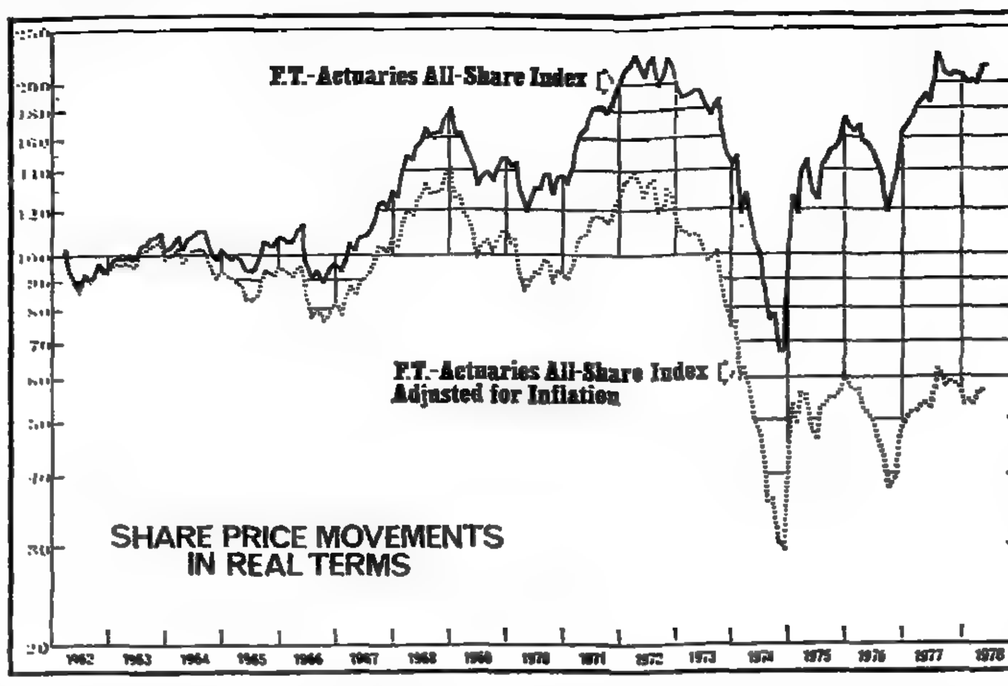
On Wednesday Anglo moved ahead sharply to touch a peak 260p following rumours of a possible cash injection into the company coupled with talk concerning the company's recently announced possible uranium discovery in County Donegal, where preliminary work is progressing.

Other Northgate group companies were similarly active. Northgate Exploration rose 10 more to 455p but Westfield Minerals declined 4 to 100p.

Among other Irish/Canadians Sabina were again the subject of persistent London buying which lifted the shares to a new high of 90p before they reacted on profit-taking to close 2 better at 84p, a rise on the week of 33p.

South African Golds were quietly firmer reflecting a $2.25 rise in the bullion price to $184.875 which left the latter $3.25 higher on the week.

Although 0.9 harder at 157.9 the Gold Mines index remained unaltered over the longer period.



FINANCIAL TIMES STOCK INDICES

	June 16	June 15	June 14	June 13	June 12	June 9	A year ago
Government Secs.	70.44	70.57	70.63	70.78	70.79	70.26	69.94
Fixed Interest	72.52	72.55	72.49	72.36	72.26	71.20	67.87
Industrial Ordinary	470.6	469.2	471.9	474.6	472.8	466.9	407.5
Gold Mines	157.9	157.0	158.3	160.9	158.2	157.9	109.4
Ord. Div. Yield	5.62	5.63	5.60	5.58	5.61	5.66	5.27
Earnings Y'ld% (full)(*)	16.39	16.45	16.32	16.26	16.35	16.51	16.84
P/E Ratio (net)(*†)	8.16	8.14	8.20	8.25	8.18	8.10	8.09
Dealings marked	4,241	4,862	4,845	5,163	4,967	4,652	4,053
Equity turnover £m	—	64.71	73.92	78.06	68.78	89.29	64.07
Equity bargains total	—	16,129	15,259	15,745	14,466	19,297	10,627

10 am 469.4. 11 am 469.6. Noon 470.8. 1 pm 471.3. 2 pm 471.3. 3 pm 471.3.

Latest Index 01-246 8026.

* Based on 52 per cent corporation tax. † Nil=8.09.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (3/1)	68.79 (5/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9.1)	70.73 (6/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	497.3 (6/1)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	168.6 (6/3)	130.3 (6/3)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	June 16	June 15
—Daily		
Gilt-Edged	159.5	146.3
Industries	141.8	157.2
Speculative	37.2	44.7
Totals	96.5	110.7
5-day Av'rage		
Gilt-Edged	177.9	179.3
Industrials	157.8	161.9
Speculative	50.9	52.1
Totals	109.6	111.5

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (89)

FOREIGN BONDS (2)
Antofagasta Rly. — Antofagasta 5pc. Pf.

AMERICANS (1)
Int. Systems Conts.

CANADIANS (1)
Bank of Montreal

BEERS (1)
Border Breweries

BUILDINGS (1)
Calebread Robey A

CHEMICALS (2)
Cory (H.) — Halstead (J.)

DRAPERY & STORES (4)
Combined Eng. Strs. — Vernon Fashion
MFI Furniture — Wilkinson Warburton

ELECTRICALS (5)
Electrocomponents — Highland Elect.
Electronic Machine — Racal Elect.
Energy Services

ENGINEERING (11)
Babcock Wilcox — Richards of Leicester
Capper-Neill — Triplex Foundries
Carclo Eng'g — Turriff
Cook (W.) (Sheff.) — Weston Evans
GEI Intl. — Whewav Watson
IMI

INDUSTRIALS (18)
BTR — Nash (J. F.) Secs.
Barr & Wallace Arnold Trust A — Oce Finance
Diploma Invs. — Pilkington Bros.
Dom Hldgs. — Relyon PBWS
Ferguson Ind. — Swire Pacific
Fiorello — Syltone
Fothergill & Harvey — Wheelock Marden
Hyman (I. & J.) — Wilkins & Mitchell
Metal Closures — Wood & Sons

MOTORS (2)
Dowty — Flight Refuelling

PAPER (1)
Oxley Printing

PROPERTY (2)
Churchbury Ests. — Trafford Park

SHIPPING (1)
Mersey Docks

SHOES (1)
Headlam, Sims

SOUTH AFRICANS (1)
Unisec

TEXTILES (1)
Tern-Consulate

TRUSTS (27)
Aberdeen Trust — Moorside Invest.
Alliance Trust — Nth. Atlantic Secs.
Berry Trust — Northern Secs.
British Invest. — Outwich Inv.
Camellia Invs. — Scot. Mort. & Trust
Clydesdale Inv. — Scottish National
Crescent Japan — Scottish Northern
G.T. Japan — Sec. Alliance Trust
Greenfriar Inv. — Sec. Gt. Northern
Inv. in Success — Do. B
Jardine Japan — Tribune Inv.
Law Debenture — U.S. Deb. Corp.
London & Lennox — Pearson (S.)
London Trust Defd.

OVERSEAS TRADERS (2)
Aust. Agricultural — Finlay (Jas.)

RUBBERS (3)
Highlands — Malakoff
Kulim

MINES (2)
De Beers Dfd. — Sabina

NEW LOWS (6)

BUILDINGS (2)
Kent (M. P.) — Orme Devs.

ENGINEERING (2)
Howden Group — Wolf Elect. Tools

FOODS (1)
Tavener Rutledge

INDUSTRIALS (1)
Randalls

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
June 7	Jun. 19	Aug. 31	Sept. 12
Jun. 20	July 3	Sep. 14	Sep. 26
July 4	July 17	Sep. 28	Oct. 10

For rate indications see end of Share Information Service

Money was given for the call of Premier Consolidated Oil, Spillers, Burmah Oil, London and Northern, KCA International, EMI, Maple, P. and O. Deferred, Mount Charlotte Investments, Westland Aircraft, Kenning Motor, Pennine Motor, Talbex, Letraset, Paringa, and Intereuropean Property, while doubles were arranged in Premier Consolidated Oil, British Land and UDT.

RISES AND FALLS

	Yesterday Up	Yesterday Down	Yesterday Same	On the week Up	On the week Down	On the week Same
British Funds	7	26	44	115	139	135
Corpns. Dom. and Foreign Bonds	7	2	56	60	25	220
Industrials	303	258	973	1,764	1,262	4,762
Financial and Prop.	100	92	329	788	502	1,510
Oils	5	14	17	36	67	87
Plantation	7	9	16	42	27	95
Mines	38	38	55	187	182	287
Recent Issues	9	5	21	35	46	105
Totals	471	446	1,511	2,952	2,867	7,092

ACTIVE STOCKS

YESTERDAY—

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
ICI	£1	12	388	—	396	328
BAT Inds.	25p	11	335	+ 9	346	267
Lloyds Bank	£1	10	268	− 2	297	242
IMI	25p	8	65½	+ 4	65½	55
Westland Aircraft	25p	8	35	+ 2	52	30
Anglo Utd. Dev.	npv	7	225	—	260	108
Eng. China Clays	25p	7	77	+ 3	84	72
English Property	50p	7	42	+ 1	51	27
Grand Met.	50p	7	100	+ 1½	117½	87
Shell Transport	25p	7	540	− 4	588	484
Thorn Elect.	25p	7	338	+ 4	392	324
Beecham	25p	6	648	+ 1	678	583
Burmah Oil	£1	6	67	− 1	72	42
GEC	25p	6	262	+ 1	278	233
Guinness (A.)	25p	6	170	−10	191	154

The above list of active stocks is based on the number of bargains recorded yesterday in the Official List and under Rule 163(1)(e) and reproduced to-day in Stock Exchange dealings.

ON THE WEEK—

Stock	Denomination	No. of marks	Closing price (p)	Change on week	1978 high	1978 low
BATs Defd.	25p	63	285	+ 1	296	227
ICI	£1	62	388	+ 1	396	328
Shell Transport	25p	53	540	−10	586	484
Barclays Bank	£1	47	325	—	358	296
BP	£1	42	862	+ 4	892	720
GEC	25p	40	262	+ 2	278	233
Lloyds Bank	£1	38	268	− 2	297	242
Reed Intl.	£1	38	136	+ 8	143	102
NatWest	£1	36	268	+ 3	288	254
Western Mining	$A0.50	36	147	− 1	160	84
Lucas Inds.	£1	35	310	− 5	318	240
Midland Bank	£1	34	358	+ 8	390	330
Tate & Lyle	£1	34	175	+ 7	218	166
De Beers Defd.	R0.05	33	371	+15	371	285
Distillers	50p	33	181	+ 5	187	163

BASE LENDING RATES

A.B.N. Bank	10 %	■ Hill Samuel	§10 %
Allied Irish Banks Ltd.	10 %	C. Hoare & Co.	†10 %
American Express Bk.	10 %	Julian S. Hodge	11 %
Amro Bank	10 %	Hongkong & Shanghai	10 %
A P Bank Ltd.	10 %	Industrial Bk. of Scot.	9 %
Henry Ansbacher	10 %	Keyser Ullmann	10 %
Banco de Bilbao	10 %	Knowsley & Co. Ltd.	12 %
Bank of Credit & Cmce.	10 %	Lloyds Bank	10 %
Bank of Cyprus	10 %	London Mercantile	10 %
Bank of N.S.W.	10 %	Edward Manson & Co.	11½%
Banque Belge Ltd.	10 %	Midland Bank	10 %
Banque du Rhone	10½%	■ Samuel Montagu	10 %
Barclays Bank	10 %	■ Morgan Grenfell	10 %
Barnett Christie Ltd.	11 %	National Westminster	10 %
Bremar Holdings Ltd.	11 %	Norwich General Trust	10 %
Brit. Bank of Mid. East	10 %	P. S. Refson & Co.	10 %
■ Brown Shipley	10 %	Rossminster Accept'ces	10 %
Canada Perm't. Trust	10 %	Royal Bk. Canada Trust	10 %
Capitol C & C Fin. Ltd.	10 %	Schlesinger Limited	10 %
Cayzer Ltd.	10 %	E. S. Schwab	11½%
Cedar Holdings	10½%	Security Trust Co. Ltd.	11 %
■ Charterhouse Japhet	10 %	Shenley Trust	11 %
Choulartons	10 %	Standard Chartered	10 %
C. E. Coates	11 %	Trade Dev. Bank	10 %
Consolidated Credits	10 %	Trustee Savings Bank	10 %
Co-operative Bank	*10 %	Twentieth Century Bk.	11 %
Corinthian Securities	10 %	United Bank of Kuwait	10 %
Credit Lyonnais	10 %	Whiteaway Laidlaw	10½%
The Cyprus Popular Bk.	10 %	Williams & Glyn's	10 %
Duncan Lawrie	10 %	Yorkshire Bank	10 %
Eagil Trust	10 %		
English Transcont.	10 %		
First London Secs.	10 %		
First Nat. Fin. Corpn.	11 %		
First Nat. Secs. Ltd.	11 %		
■ Antony Gibbs	10 %		
Greyhound Guaranty	10 %		
Grindlays Bank	‡10 %		
■ Guinness Mahon	10 %		
■ Hambros Bank	10 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 7%, 1-month deposits 7¼%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 7¼% and over £25,000 7½%.
‡ Call deposits over £1,000 7%.
§ Demand deposits 7¼%.

LONDON TRADED OPTIONS

Option	Ex'rcise price	July Closing offer	July Vol.	October Closing offer	October Vol.	January Closing offer	January Vol.	Equity close
BP	750	122	—	135	—	154	—	862p
BP	800	74	7	90	—	114	—	
BP	850	34	—	62	—	84	10	
BP	900	9½	—	32	3	60	5	
Com. Union	140	16½	—	22	—	25	—	152p
Com. Union	160	3½	—	9	—	15	—	
Cons. Gold	160	23	—	26	5	28½	—	176p
Cons. Gold	180	5	—	10	—	15	—	
Courtaulds	100	24½	—	27½	—	29½	—	123p
Courtaulds	110	14	—	19½	—	21½	—	
Courtaulds	120	4½	—	12½	20	15½	11	
Courtaulds	130	1½	—	7	—	10	—	
GEC	220	48½	—	53	—	60	—	263p
GEC	240	29½	—	37	—	45	—	
GEC	260	12	—	24	—	33	—	
GEC	280	3	—	13	—	22	—	
Grand Met.	100	10½	—	14	34	18	—	109p
Grand Met.	110	3	—	8	—	12½	8	
Grand Met.	120	1	—	4	—	8	—	
ICI	330	64	—	70	10	72	—	387p
ICI	360	34	—	40	—	50	—	
ICI	390	10	—	20	—	33	—	
ICI	420	2½	—	8	—	18	—	
Land Secs.	180	35	—	38	—	41	—	211p
Land Secs.	200	15½	—	20½	20	26	—	
Land Secs.	220	2	52	10	25	15½	1	
Marks & Sp.	120	20	—	26½	—	30	—	140p
Marks & Sp.	130	10½	—	17	—	21	—	
Marks & Sp.	140	2	—	10	—	14	—	
Shell	500	46	—	64	6	70	—	540p
Shell	550	6	—	27	1	41	—	
Shell	600	2	—	10	11	20½	10	
Totals			66		147		64	

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
75	F.P.	—	89	79	Bramall (C.D.)	89		[illegible]	[illegible]	[illegible]	[illegible]
100	F.P.	[illegible]	162	142	Kunzle (G.)	152	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34	F.P.	[illegible]	[illegible]	[illegible]	Thames Plywood	35	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. r Dividend and yield based on prospectus or other official estimates for 1979. q Gross. † Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of Ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Minimum tender price. ‖ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ‖‖ Introduction. □ Issued to former Preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Figures in parentheses show number of stocks per section.

EQUITY GROUPS and SUB-SECTIONS	Fri., June 16, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.) (Corp. Tax 52%)	Gross Div. Yield % (ACT at 34%)	Est. P/E Ratio (Net) (Corp. Tax 52%)	Thur. June 15 Index No.	Wed. June 14 Index No.	Tues. June 13 Index No.	Mon. June 12 Index No.	Year ago (approx.) Index No.	1978 High	1978 Low	Since Compilation High	Since Compilation Low
1 CAPITAL GOODS (171)	215.17	+0.6	17.48	5.59	7.98	213.99	215.23	215.67	214.65	175.57	235.67 (13/6)	188.95 (2/3)	228.03 (14/9/77)	50.71 (13/12/74)
2 Building Materials (28)	190.52	+1.5	18.06	5.70	7.91	187.65	188.44	189.76	187.83	145.11	[illegible]	[illegible]	[illegible]	[illegible]
3 Contracting, Construction (28)	[illegible]	+0.4	20.04	3.97	7.25	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Electricals (15)	455.01	+0.4	15.10	3.93	9.37	453.19	456.75	459.36	457.25	337.41	[illegible]	[illegible]	[illegible]	[illegible]
5 Engineering Contractors (14)	320.81	+0.7	18.36	6.36	7.38	318.56	321.27	319.63	317.59	249.62	[illegible]	[illegible]	[illegible]	[illegible]
6 Mechanical Engineering (72)	176.96	—	18.24	6.11	7.46	174.89	176.09	176.29	175.25	153.04	[illegible]	[illegible]	[illegible]	[illegible]
8 Metals and Metal Forming (18)	166.86	+1.1	17.36	8.52	7.85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
11 CONSUMER GOODS (DURABLE) (53)	199.85	+0.7	16.72	4.80	8.41	198.55	199.52	199.50	197.44	166.32	[illegible]	[illegible]	[illegible]	[illegible]
12 Lt. Electronics, Radio TV (15)	235.20	+0.7	14.85	3.67	9.49	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
13 Household Goods (12)	179.21	−0.3	16.15	6.29	8.49	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
14 Motors and Distributors (26)	126.56	+0.9	19.67	6.15	7.17	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21 CONSUMER GOODS (NON-DURABLE) (175)	203.83	+0.5	16.02	5.81	8.48	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22 Breweries (14)	227.53	−0.5	14.99	5.95	9.59	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
23 Wines and Spirits (6)	257.66	+0.4	15.70	5.59	9.66	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
24 Entertainment, Catering (17)	254.53	+0.3	15.59	6.70	9.44	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25 Food Manufacturing (22)	197.91	−0.3	19.64	5.64	6.75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26 Food Retailing (15)	202.37	−0.1	14.43	4.96	9.63	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32 Newspapers, Publishing (13)	373.47	+0.4	15.66	5.62	8.45	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33 Packaging and Paper (15)	136.84	+1.5	19.43	7.73	6.79	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34 Stores (39)	178.83	+0.8	11.82	4.56	12.41	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35 Textiles (25)	180.80	+0.3	17.26	7.65	7.63	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36 Tobaccos (3)	[illegible]	+2.3	21.90	7.62	5.46	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
37 Toys and Games (6)	107.31	+0.5	18.95	5.82	6.44	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41 OTHER GROUPS (97)	198.27	+0.3	16.05	5.78	8.03	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42 Chemicals (19)	284.79	—	17.51	6.13	7.76	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43 Pharmaceutical Products (7)	[illegible]	−0.1	11.49	3.97	10.67	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44 Office Equipment (6)	[illegible]	+0.7	17.91	4.86	6.61	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45 Shipping (10)	419.92	—	18.94	7.57	6.40	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46 Miscellaneous (55)	206.54	+0.6	15.70	6.40	7.78	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 INDUSTRIAL GROUP (495)	[illegible]	+0.5	16.51	5.68	8.23	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51 Oils (5)	484.29	−0.6	15.24	4.50	7.88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59 500 SHARE INDEX	233.73	+0.3	16.31	5.44	8.04	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61 FINANCIAL GROUP (100)	164.71	+0.1	—	5.74	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62 Banks (6)	186.24	−0.6	25.41	6.02	5.96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63 Discount Houses (10)	215.60	+0.2	—	8.02	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64 Hire Purchase (5)	147.56	+0.6	5.56	11.18	14.78	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65 Insurance (Life) (10)	136.95	+0.5	—	6.65	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Insurance (Composite) (7)	127.73	+0.2	—	8.02	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67 Insurance Brokers (10)	335.18	−0.2	14.06	6.48	10.39	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68 Merchant Banks (14)	80.10	+0.8	—	6.18	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69 Property (31)	235.27	+0.6	3.06	3.16	59.29	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 Miscellaneous (7)	113.22	−0.4	14.06	7.92	5.75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Investment Trusts (50)	226.57	−0.1	3.12	4.61	32.40	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81 Mining Finance (4)	100.73	−0.5	17.61	6.91	7.04	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91 Overseas Traders (19)	318.82	−0.8	16.69	6.77	7.34	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99 ALL-SHARE INDEX (673)	215.94	+0.2	—	5.77	—	215.45	216.66	217.01	215.29	184.42	218.52 (25/5)	191.15 (2/3)	228.18 (15/9/77)	61.92 (13/12/74)

FIXED INTEREST PRICE INDICES

British Government	Fri. June 16	Day's change %	xd adj. To-day	xd adj. 1978 to date
1 Under 5 years	104.78	+0.07	—	4.51
2 5-15 years	114.42	−0.02	—	5.69
3 Over 15 years	[illegible]	−0.07	—	5.67
4 Irredeemables	126.18	−0.03	—	[illegible]
5 All stocks	112.83	−0.02	—	5.47

FIXED INTEREST YIELDS Br. Govt. Av. Gross Red.

			Fri. June 16	Thur. June 15	Year ago (approx.)	1978 Highs	1978 Lows
1	Low Coupons	5 years	8.69	8.70	7.64	[illegible]	[illegible]
2		15 years	10.89	10.84	11.31	[illegible]	[illegible]
3		25 years	11.31	11.53	[illegible]	[illegible]	[illegible]
4	Medium Coupons	5 years	11.27	11.21	10.25	[illegible]	[illegible]
5		15 years	12.08	12.04	12.26	[illegible]	[illegible]
6		25 years	12.31	12.29	[illegible]	[illegible]	[illegible]
7	High Coupons	5 years	11.69	11.66	[illegible]	[illegible]	[illegible]
8		15 years	12.56	12.55	13.28	[illegible]	[illegible]
9		25 years	12.57	12.55	13.48	[illegible]	[illegible]
10	Irredeemables		11.65	11.59	12.56	[illegible]	[illegible]

	Friday June 16 Index No.	Yield %	Thur. June 15	Wed. June 14	Tues. June 13	Mon. June 12	Fri. June 9	Thur. June 8	Wed. June 7	Year ago (approx.)	1978 Highs	1978 Lows	Since Compilation Highs	Since Compilation Lows
15 20-yr. Red. Deb. & Loans (15)	57.38	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
16 Investment Trust Prefs. (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
17 Coml. and Indl. Prefs. (20)	71.56	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Section or Group	Base Date	Base Value	Section or Group	Base Date	Base Value
Pharmaceutical Products	30/12/77	261.77	Miscellaneous Financial	31/12/70	[illegible]
Other Groups	31/12/74	[illegible]	Food Manufacturing	[illegible]	[illegible]
Overseas Traders	31/12/70	[illegible]	Food Retailing	[illegible]	[illegible]
Engineering Contractors	31/12/71	[illegible]	Insurance Brokers	[illegible]	[illegible]
Mechanical Engineering	31/12/71	[illegible]	Mining Finance	[illegible]	[illegible]
Wines and Spirits	[illegible]	[illegible]	All Other	[illegible]	[illegible]
Toys and Games	[illegible]	[illegible]			
Office Equipment	[illegible]	[illegible]			
Industrial Group	[illegible]	[illegible]			

† Redemption yield. A new list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4, price 13p, by post 22p. A fortnightly record of group and sub-section indices, daily since 1962, with quarterly highs and lows is obtainable from FT Business Enterprises, 10 Bolt Court, London EC4.

CONSTITUENT CHANGE: Osborn (S.) (Metals and Metal Forming) has been replaced by Aurora (Mechanical Engineering).

هكذا من الأصل

INSURANCE, PROPERTY, BONDS

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Henderson Baring Fund Mgrs. Ltd.

P.O. Box N4723, Nassau, Bahamas

Japan Fd. ... [illegible] 18.50 ... —

Prices on June 14. Next dealing date June 21.

Hill-Samuel & Co. (Guernsey) Ltd.

8 LeFebvre St., Peter Port, Guernsey, C.I.

Guernsey Tst.	150.2	160.7	+0.7	3.54

Hill Samuel Overseas Fund S.A.

37, Rue Notre-Dame, Luxembourg

	$US19.25	20.02	-0.15	—

International Pacific Inv. Mngt. Ltd.

PO Box R237, 56, Pitt St. Sydney, Aust.

Javelin Equity Tst.	$A2.11	2.22	+0.01	—

J.E.T. Managers (Jersey) Ltd.

PO Box 194, Royal Tst. Hse., Jersey 0534 27441

Jersey Extrnl. Tst.	163.0	173.3	...	—

As at May 31. Next sub. day June 30.

Jardine Fleming & Co. Ltd.

48th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	$US254.76	...	2.80
Jardine J'pn.Fd.*	$US219.04	...	0.90
Jardine S.E.A.	$US14.22	...	2.20
Jardine Flem.Int.	$HK7.70	...	—

NAV May 28. *Equivalent $US68.40. Next sub. June 15

Keyselex Mngt., Jersey Ltd.

PO Box 98, St Helier, Jersey. (Eng. 01-606 7070)

Fonselex	[illegible]	15.10	...	2.90
Bondselex	[illegible]	[illegible]	...	—
Keyselex Int'l.	£6.51	7.20	...	—
Keyselex Europe	£3.96	4.36	...	3.70
Japan Gth. Fund	[illegible]	[illegible]		—
Keyselex Japan	£12.16	13.32	-0.62	—
Cent. Assets Cap.	£123.61		...	...

TOFSL June 14	7.65	8.25	...	6.00
(Accum. Shares)	11.90	12.75	...	—
American June 14	83.5	89.0	...	2.00
(Accum shares)	83.5	89.0	...	—
Jersey Fd. June 14	194.2	206.0	...	7.65
(Non-J. Acc. Uts.)	273.2	289.8	...	—
Gilt Fund June 14	107.2	109.2	...	10.99
(Accum. Shares)	138.6	141.2	...	—

Victory House, Douglas, Isle of Man. 0624 24111.

Managed May 18	129.0	135.8	...	—

Utd. Intnl. Mngmnt. (C.I.) Ltd.

14, Mulcaster Street, St. Helier, Jersey.

U.I.B. Fund	$US99.76	10.04	...	8.16

United States Tst. Intl. Adv. Co.

14, Rue Aldringer, Luxembourg.

U.S. Tst. Inv. Fnd.	$US10.25	-0.10	0.92

Net asset June 15.

S. G. Warburg & Co. Ltd.

30, Gresham Street, EC2. 01-600 4555

Cnv.Bd.Fd.June 15	$US9.68	+0.02	—
Eng.Int. June 15	$US17.81	-0.02	—
Gr.St.$Fd. Apr.31	$US7.09	...	—
Mr.Eur. June 14	£10.36 / 10.48	+0.01	—

Warburg Invest. Mngt. Jrsy. Ltd.

1, Charing Cross, St. Helier, Jsy. CI 0534 73741

CMF Ltd. May 25	$US22.32	22.84	...	—
CMT Ltd. May 25	£12.58	12.90	...	—
Metals Tst. June 16	£12.17	12.47	+0.30	—
TMT June 8	$US10.57	10.85	...	—
TMT Ltd. June 8	£10.68	10.96	...	—

World Wide Growth Management

10a, Boulevard Royal, Luxembourg

Worldwide Gth. Fd.	$US15.18	-0.05	—

NOTES

Prices do not include $ premium, except where indicated $, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ♥ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

CORAL INDEX: Close 468-473

INSURANCE BASE RATES

† Property Growth ... 9½%

† Vanbrugh Guaranteed ... [illegible]%

† Address shown under Insurance and Property Bond Table.

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LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
20½	17	Antofagasta Rly.	20½	+1½	—	—
34½	33	Do. 5pc Pref.	34½xd	+1½	—	—
98	98	Chilean Mixed	98	......	3	£3.10
415	350	German Yng. 4½pc.	405xd	......	4½	—
54	46	Greek 7pc Ass.	54	......	3½	£6.48
51	46	Do 6pc 28 Stab. Ass.	51	......	6	£6.00
44	40	Do 4pc Mixed Ass.	43	......	4	£4.76
55	42	Hung. '24 Ass.	55	......	4½	5.00
77	65	Iceland 6½pc '83-88	65xd	......	—	12.60

BONDS & RAILS—Cont.

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 49½% based on U.S.$1.8391 per £
Conversion factor 0.6685 (0.6666)

CANADIANS

S.E. List Premium 49½% (based on $2.0475 per £)

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MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

MINES—Continued

CENTRAL AFRICAN

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
210	155	Falcon Rh.50c	185	.....	Q50c	1.3	23.1
24	15	Rhod'n Corp. 16½p.	17½	.....	0.56	7.1	4.8
80	52	Roan Cons K4	70	.....	—	—	—
175	122	Tanganyika 50p	158xd	−2	Q10.0	ϕ	6.3
90	78	Do. Pref. 80p	90xd	.....	Q9%	16.4	8.0
41	32	Wankie Col. Rh.1	37	.....	†Q7½c	1.4	17.3
16½	10	Zam.Cpr.SBD0.24	14½	.....	—	—	—

AUSTRALIAN

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
15	10	Acmex 25c	14	−1	—	—	—
132	64	Bougainville 50 Toea	115	−5	Q8c	1.4	4.4
125	63	BH South 50c	113	−6	—	—	—
245	148	Conzinc Riotinto 50c	240	.....	Q10c	2.2	2.6
72	48	G.M. Kalgoorlie $1	55	.....	—	—	—
138	81	Hampton Areas 5p	129	−1	1.45	4.1	1.7
40	10	Metals Ex. 50c	26	−7½	—	—	—
220	125	M.I.M. Hldgs. 50c	206	−2	Q9c	1.7	2.7
39	10	Mount Lyell 25c	32	−1	—	—	—
6½	1½	Newmetal 10c	4	.....	—	—	—
143	79	North B. Hill 50c	124	−7	Q8c	1.5	4.0
16	3½	Nth. Kalgurli	14	−½	—	—	—
178	117	Oakbridge $A1	176	.....	†Q11c	1.9	3.9
48	30	Pacific Copper	40	−2	—	—	—
£14¾	750	Pancont'l 25c	£14½	.....	—	—	—
40	12	Paringa M&Ex. 5p	39	−1	—	—	—
538	310	Peko-Wallsend 50c	520	−7	Q15c	4.0	1.8
160	84	West'n Mining 50c	147	−6	‡Q6c	1.4	‡
70	35	Whim Creek 20c	55	−5	—	—	—

TINS

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
30	24	Amal. Nigeria	25	.....	†2.51	1.6	15.2
360	240	Ayer Hitam $M1	355	.....	‡Q43c	0.9	‡
60	45	Beralt Tin	53	.....	3.75	4.4	11.2
290	200	Berjuntai $M1	285	.....	‡Q110c	ϕ	‡
145	111	Geevor	135	.....	h4.51	3.4	5.1
10	8½	Gold & Base 12½p	10	.....	—	—	—
290	220	Gopeng Cons.	290	.....	15.0	0.9	7.9
165	130	Hongkong	165	.....	—	—	—
93	78	Idris 10p	88	.....	12.0	1.6	21.8
11	10	Jantar 12½p	10	.....	—	—	—
73	68	Kamunting $M0.50	68	.....	‡Q15.5c	0.7	4.9
490	450	Killinghall	490	.....	Q125	ϕ	25.5
400	280	Malay Dredging $M1	400	+5	†Q95c	0.8	5.1
70	40	♦Pahang	70	.....	‡Q3.75c	0.5	‡
62	50	Pengkalen 10p	60xd	.....	6.5	1.3	16.7
210	165	Petaling $M1	208xd	.....	†Q80c	1.6	8.8
61	49	Saint Piran	51	−1	‡1.99	4.6	5.9
61	47	South Crofty 10p	59	+1	64.13	1.5	10.6
205	140	South Kinta $M0.50	205	+5	‡Q77.8c	1.4	9.2
305	230	Sthn Malayan $M1	305	+5	‡Q131c	1.1	9.2
220	134	Sungei Besi $M1	220	.....	Q65c	ϕ	—
75	55	Supreme Corp. $M1	75	.....	ZQ10c	—	2.9
100	85	Tanjong 15p	92	.....	6.5	0.8	10.7
100	74	Tongkah Hrbr. $M1	96	.....	‡Q56.8c	1.6	‡
220	148	Tronoh $M1	210	.....	ZQ88c	1.6	9.0

COPPER

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
100	70	Messina R0.50	89	−2	‡Q30c	1.9	‡

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
17	9	Burma Mines 17½p	15	.....	—	—	—
300	220	Cons. Murch. 10c	225	.....	‡Q30c	2.6	‡
465	245	Northgate C$1	455	+10	—	—	—
234	164	R.T.Z.	224	−2	9.5	2.8	6.4
90	30	Sabina Inds. C$1	84	+2	—	—	—
£12	750	Tara Explm. $1	£11½	.....	—	—	—
45	43	Tehidy Minerals 10p	43	.....	1.33	ϕ	4.7
180	120	Yukon Cons. C$1	180	.....	Q7c	2.9	1.8

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ♠ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- & Not comparable.
- ♠ Same interim; reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ▼ Excluding a final dividend declaration.
- ✦ Regional price.
- || No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 22

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	23	.....
Ash Spinning	45	.....
Bertam	22	.....
Bdg'wtr Est. 50p	270	.....
Clover Croft	26	+2
Craig & Rose £1	445xd	.....
Dyson (R. A.) A	37	.....
Ellis & McHdy.	62	.....
Evered	18	.....
Fife Forge	50	.....
Finlay Pkg. 5p	23	−½
Graig Ship £1	154	.....
Higsons Brew.	80	.....
I.O.M. Stm. £1	150	.....
Holt (Jos.) 25p	265	.....
Nthn. Goldsmith	54	.....
Pearce (C. H.)	165	.....
Peel Mills	20	.....
Sheffield Brick	45	.....
Sheff. Refrshmt.	52	.....
Sindall (Wm.)	90	.....

IRISH

Conv 9% '80/82	£91½	.....
Alliance Gas	73	.....
Arnott	345xd	.....
Carroll (P.J.)	90xd	.....
Clondalkin	97	+2
Concrete Prods.	130	−1
Heiton (Hldgs.)	44	+4
Ins. Corp.	148	.....
Irish Ropes	130	.....
Jacob	65	.....
Sunbeam	30	−3
T.M.G.	170	.....
Unidare	90	.....

OPTIONS
3-month Call Rates

Industrials	
A. Brew	6½
A.P. Cement	18
B.S.R.	9
Babcock	11
Barclays Bank	25
Beecham	35
Boots Drug	15
Bowaters	16
B.A.T.	24
British Oxygen	6
Brown (J.)	20
Burton 'A'	12
Cadburys	5
Courtaulds	10
Debenhams	8
Distillers	15
Dunlop	7
Eagle Star	11
E.M.I.	14
Gen. Accident	17
Gen. Electric	18
Glaxo	40
Grand Met.	9
G.U.S. 'A'	20
Guardian	18
G.K.N.	22
Hawker Sidd.	20
House of Fraser	12
I.C.I.	20
"Imps"	6
I.C.L.	20
Inveresk	8
KCA	3
Ladbroke	17
Legal & Gen.	14
Lex Service	7
Lloyds Bank	22
"Lots"	4
London Brick	5
Lonrho	5
Lucas Inds.	25
Lyons (J.)	10
"Mams"	7
Mrks. & Spncr.	10
Midland Bank	25
N.E.I.	12
Nat. West. Bank	22
Do. Warrants	10
P & O Dfd.	8
Plessey	8
R.H.M.	5
Rank Org. 'A'	18
Reed Intnl.	12
Spillers	3
Tesco	4
Thorn	22
Trust Houses	15
Tube Invest.	30
Unilever	35
Utd. Drapery	7½
Vickers	15
Woolworths	5
Property	
Brit. Land	3¼
Cap. Counties	4½
E.P.	5
Intreuropean	4
Land Secs.	16
MEPC	12
Peachey	8
Samuel Props.	9
Town & City	1¼
Oils	
Brit. Petroleum	45
Burmah Oil	5
Charterhall	3
Shell	28
Ultramar	20
Mines	
Charter Cons.	12
Cons. Gold	14
Rio T. Zinc	16

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Saturday June 17 1978

MAN OF THE WEEK

Cut price war in the air

BY LYNTON McLAIN

RADICAL innovation is not normally expected in Britain's State-owned industries, least of all from a chief executive who has spent half a century in the same business and has only a year to go before retirement.

Yet last Wednesday Mr. Ross Stainton, chief executive and deputy chairman of British Airways, with nearly 45 years in the airline business, blew the corporate whistle for a new, across-the-board era of low price aviation.

In so doing, the likeable Mr. Stainton has pre-empted all other major airlines in setting the parameters few will be able to escape from when the low price era really gets airborne early next year.

That the others will take off and follow Mr. Stainton's carefully planned course for future survival is beyond doubt. There may be variations on the Stainton theme of three distinct classes of airline passenger: first club or economy and discount, but the changes in the mix of passengers since the start of trans-Atlantic jet travel leave no room for airlines that do not react rapidly.

In the 1950s, 30-40 per cent of all Atlantic air travel was done by businessmen. This fell by half in the early 1960s, when the

Ross Stainton

No trace of conservatism after 44 years in the industry

15-20 per cent of seats taken by first class passengers had fallen to 10 per cent. Now only 5 per cent of all air passengers travel first class.

The business sector has become seriously diluted by passengers like the lady in Australia who said she would travel to London on a kitchen chair if she saved $100.

Other factors have contributed to British Airways' decision. Airlines across the Atlantic have for many years been barely covering their costs. Many flights have been possible only through subsidies from other routes. This constant drain is no longer acceptable. Mr. Stainton has recognised, with the help of a strong team and a much-boosted morale in the former British European Airways and BOAC operations of BA, that each fare class must now pay its way on all routes. The structure he now envisages should do this. But the important proviso is that business passengers who want to be certain of getting their seats, must now pay for the privilege.

All these radical changes have been steered by Mr. Stainton through an airline where fare structures, up to now, have been hardly distinguishable from any other airline: such has been the power of IATA.

Mr. Stainton started his career with Imperial Airways in 1933, but in this case long service does not appear to have had conservatism. The tensions and excitements of airline operation, he says, rule out any tendency to personal inertia. He took on his present job as chief executive and deputy chairman at the end of last year after the decision when BA chairman Sir Frank McFadzean decided after a heart attack to resume his duties only part time. The new responsibilities pushed Ross Stainton into what he describes as "high gear."

His training for this went back to Imperial Airways, operating in first days as a traffic trainee at Croydon Airport. "Nobody has ever had a more commercially aggressive policy than the staff of Imperial," he said. Airline economies, he added, were all a question of minimising waste and immediately passing the benefit to the customer.

Whether his opposite numbers at the forthcoming IATA conference in Montreal agree remains to be seen. But they should take heed from Mr. Stainton's approach to these meetings. At an IATA meeting in Bermuda 11 years ago, scheduled to start at 9.00 a.m., Ross Stainton took what he describes as his "medicine," a round of golf. It was hardly light when he went on the course at 5.30 a.m. On the third hole, "I was so sleepy I kept my head down and took a swing at the ball." It was obviously an approach to the game that worked. He sunk the ball in a single shot. How many airlines will follow his "heads down" approach to airline economics we will know by July 1.

Barclays trust deal bid prompts probe

BY JOHN BRENNAN

INSTITUTIONAL opposition to Barclays Bank's planned £92.6m takeover of the Investment Trust Corporation resulted yesterday in the launching of a special investigation by the Investment Protection Committee of the National Association of Pension Funds.

Barclays Merchant Bank, advising its parent on the investment trust deal, is "puzzled" by the call for an investigation.

The move raises a question over the bank's claim that its *institutional shareholders are* content with its proposals, announced earlier this week, for a share acquisition of the trust and an immediate resale for £55m cash to the Post Office Pension Fund.

Mr. George Dennis of the Post Office fund, who declined to discuss the matter yesterday, is the current chairman of the Pension Funds' Investment Protection Committee.

Mr. Graham Titford of the British Petroleum fund has been appointed to chair the investigation.

The National Coal Board's pension fund is among the Barclays' shareholders unhappy about the investment trust deal.

Benefit

The fund is concerned that *it is ITC rather than Barclays'* shareholders who benefit from the three-way deal.

It feels that the £55m cash injection might have been achieved more equitably by a direct call on the bank's shareholders.

Barclays believes that most of its institutional shareholders are satisfied with the proposals. It argues that the stability of the bank's share price after the announcement and the ease with which the new shares were underwritten confirm the weight of City backing.

The Bank expects that details of the deal will be circulated to ITC's shareholders next Tuesday, and to its own 150,000 shareholders by the end of the week.

Solid opposition to the move may be voiced at the extraordinary general meeting which the Bank has decided to convene, although its Articles of Association and the Stock Exchange's rules do not call for a shareholders' vote on a takeover of this kind.

Cabinet decision allows foreign banks into Spain

BY ROBERT GRAHAM

MADRID, June 16.

THE SPANISH Cabinet to-day *approved a long-awaited decree* authorising the establishment of foreign banks in the country.

The terms are deliberately restrictive and, of more than 60 foreign banks that have expressed interest in establishing themselves in Spain, no more than 15 are expected to accept the conditions initially.

Two of these are likely to be British—Barclays and National Westminster. Lloyds is already represented through its Bank of London and South America subsidiary, Bolsa.

The authorities have been studying the decree for several months, while proposals for admitting foreign banks have been in the air for more than two years.

The go-ahead marks an important stage in the liberalisation of the banking system, which, since last July, has slowly been seeking *to align itself more with the rest of Europe.*

Conservative elements within the banking system, who still hold significant weight, fought a strong rear-guard action to limit the impact of the presence of foreign banks.

This has helped to delay the decree and has been a prime reason behind the restrictive nature of the operational conditions.

The decree stipulates that foreign banks may opt for a representative office (already permitted), the establishment of a Spanish-registered subsidiary, or branch operations.

For subsidiaries, foreign banks will have to pay Pta 1.5bn (£10m) to cover capital and reserve requirements.

Branches will have to pay Pta 750m (£5m)—charges considered high by European standards.

However, the cost of establishing a subsidiary has been geared *to be equal to the minimum re*quirement for the formation of a new Spanish bank.

Foreign banks opting for either subsidiaries or branch operations (limited to a total of three) will be allowed to buy pesetas freely on the inter-bank market.

But their peseta activity will be restricted to 40 per cent of the combined value of local loans, securities and the share of deposits they are obliged to place with the Bank of Spain.

However, the limitation is probably notional because of the difficulty foreign banks will have in attracting substantial deposits.

Foreign banks will be entitled to remit profits in accordance with the laws regarding foreign investment.

But they will be obliged to observe the 6 per cent limitation that applies to Spanish banks dividends.

Hospitals strike off after pay offer

By Pauline Clark

A STRIKE PLANNED by elec*tricians in up to 100 hospitals* throughout the country from Monday was postponed last night after a new pay offer from the Government was accepted as "a basis for negotiation."

The executive council of the Electrical and Plumbing Trades Union, representing about 5,500 electricians in the Health Service will decide on Monday whether to call of as well a proposed programme of other industrial action, including overtime bans, in hospitals.

After a day of urgent talks ending with a two-hour meeting last night between Mr. Albert Booth, Secretary for Employment; Mr. David Ennals, Secretary for Social Services; and Mr. Peter Adams, the union's national officer for the Health Service, the electricians were offered a productivity plan designed to restore parity with electricians in the private contracting industry.

Mr. Ennals said last night that a revised offer had been put to the union which he believed would improve the pay of Health Service electricians by bringing all or most of them into the Health Service productivity scheme, which is within the pay guidelines.

At present it is believed that only about a third of the electricians benefit from such schemes. The revised offer would be expected to speed the programme.

Mr. Ennals added that if a settlement could not be reached on the basis of yesterday's proposals the Government would consider with the union whether a third party might usefully be brought in as either a mediator or a conciliator.

Both sides were hopeful that a satisfactory settlement would be reached eventually without further resort to a call for a strike.

Autumn target set for British Steel's worker-directors

BY CHRISTIAN TYLER, LABOUR EDITOR

SIX rank-and-file trade unionists *could be on the board of the* British Steel Corporation by the autumn, possibly before a general election is called.

Mr. Eric Varley, Industry Secretary, is pushing ahead with a plan to give about a third of the seats on an enlarged board to the unions, and has called for nominations by early next month.

The unions have agreed how the seats are to be divided. Two would go to the Iron and Steel Trades Confederation, and one each to the National Craftsmen's Co-ordinating Committee (representing all craft unions), the National Union of Blastfurnacemen, the General and Municipal Workers' Union and the Transport and General Workers' Union.

Union leaders are seeking a seventh seat, to ensure a full third of the places since the *board—with ten members at* present—can, without a change in the 1967 Act, go up to 21 seats. They have agreed that the seventh place would also go to the Confederation.

The representatives will be lay union members, but it has not been decided whether men with negotiating duties will be disqualified. The non-TUC management union, SIMA, has not been included.

BSC already has 17 worker-directors on divisional management boards, nominated by the TUC steel committee, but the Varley plan goes much further.

It also differs from the worker-director experiment in the Post Office, which started this year, in that the Post Office Union representatives are not from the shop floor.

International bank loan minimum margin down

BY FRANCIS GHILES

THE *MINIMUM* margin on medium-term international bank loans has moved down again after several months of stability.

The French Caisse Nationale de Télécommunications is raising $300m at a margin of ½ per cent over inter-bank rates compared with the ⅝ per cent at which the banks had succeeded in holding the minimum spread, though they had given ground to borrowers in other ways.

The loan has a maturity of 10 years with seven years' grace before repayments start. The spread of ½ per cent is payable for the first five years rising to ⅝ per cent for the remainder.

The loan, which carries a sovereign guarantee is jointly led by Bankers Trust International and Société Générale.

The management group includes Algemene Bank Nederland, Deutsche Bank, Banque Européenne de Credit, London and Continental Bankers, Fuji International Finance, Westdeutsche Landesbank, and Union Bank of Switzerland.

The $100m seven-year loan on a split spread of ½-⅝ per cent which Gaz de France arranged last February cannot be considered in the same category as a medium-term loan because it was raised as backup for commercial paper and stands little chance of being used.

Tarling to be extradited

BY MARGARET REID

MR. RICHARD TARLING, a former business colleague of Mr. Jim Slater, the financier, is to be extradited to Singapore later this month to face five charges under the company law there.

This is because Mr. Merlyn Rees, Home Secretary, has decided, as the Home Office confirmed last night, not to exercise his discretion to prevent the extradition, though an appeal had been made to him on Mr. Tarling's behalf.

Mr. Rees' decision marks the latest stage in a lengthy legal battle since extradition proceedings were brought by the Singapore Government at the beginning of last year.

It is expected that Mr. Tarling, 43, one-time chairman of the *Singapore company* Haw Par Brothers International, which was formerly an associate of Slater Walker Securities, will be given a time and a flight to Singapore on or about June 26, when the extradition warrant is expected to be executed by the British police.

Mr. Tony Leifer, of D. J. Freeman, Mr. Tarling's solicitors, said last night: "We are extremely disappointed and surprised at the decision, in the light of the fact that the charges in respect of which the extradition is ordered are not custodial" — that is, cannot attract prison sentences—" in this country."

The charges relate to whether the accounts of Haw Par showed a true and fair view for 1972 and 1973.

The Singapore Government originally brought charges in connection with the affairs of Haw Par against Mr. Tarling and Mr. Slater, chairman until October 1974 of Slater Walker Securities.

Mr. Slater was cleared by the Chief Metropolitan Magistrate of all six charges against him.

Gilts dull after £1.8bn issue

BY MICHAEL BLANDEN

THE GILT-EDGED market was quiet and rather subdued yesterday in the wake of the Government's two issues totalling £1.8bn of stock.

The new £1bn ultra-long stock, which was well received on Thursday when about two-thirds was thought to have been sold at the initial offer, started its life in the market at a slight discount. At the end of dealings yesterday, the stock was quoted at a discount of ¼ from the £15 which was paid up on issue.

Applications for the £800m short-medium stock issued yesterday were thought to have been small, and prices at the short end of the market ended with small falls. In the medium and long ranges there was little change, except that stocks close to the term of the new long tap stock were slightly down.

The Financial Times Government securities index lost 0.13 to 70.44, a rise of 0.18 over the past week.

Meanwhile, in their latest monetary bulletin, stockbrokers W. Greenwell express continued concern over the outlook in spite of last week's new measures.

The possibility of a wage explosion following recent excessive monetary expansion, they say, has now receded.

But double digit inflation is still "all too likely," and they do not believe that last week's package is adequate. "We still have serious reservations about the stance of fiscal policy."

In the short run, the brokers expect the gilt-edged market to be buoyant. But in the medium-term, the bulletin suggests, the official corset on bank growth could come under pressure.

"Our conclusion is that the latest re-introduction of the corset will probably not mark major turning points of the economy and interest rates as it did on the previous two occasions."

Continued from Page 1

U.S. banks and Carter

its impact on capital spending, which is still sluggish.

Others suggest that the Federal Reserve is becoming less able to influence short-term money markets with any precision because surging demands for credit from both business and consumers are putting strong upward pressure on rates.

Consumer credit has risen at a record pace this year, arousing fears that this is a reflection of a deepening inflationary psychology, with consumers buying in anticipation of price increases.

Business loan demand, outside the New York City banks, is also rising very strongly.

Earlier this week Citibank's monthly economic letter warned of the danger of a credit crunch ahead.

The stock market which normally reacts badly to interest rate increases, has *shrugged off recent increases* during the rally which began in April, remained firm in the face of the prime rate rise after recovering an initial decline.

The upward drift of U.S. interest rates is expected to give additional support to the dollar on the foreign exchange markets.

● Jurek Martin writes from Washington: Two reports today point to slowing of U.S. economic activity from recent vigorous levels in which the economy rebounded from the winter doldrums. Housing starts last month fell 4.9 per cent compared with April, while new building permits were down 8.8 per cent.

This fall was expected by both government and industry experts, and does not mean that the home building sector is falling into another recession yet. Nevertheless it is clear that higher interest rates and scarcer availability of mortgage finance are beginning to be felt.

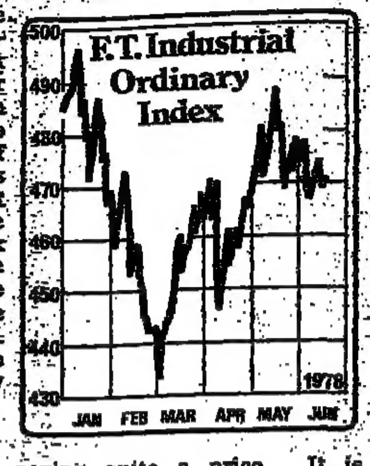
The Government reported that personal income rose last month by 0.9 per cent. This contrasts with a revised 1.3 per cent advance in April and 1.4 per cent in March.

THE LEX COLUMN

BP takes a trip downstream

So much for the gilt-edged bonanza. The speculative euphoria which had gripped the financial markets at the end of last week was spoiled by the authorities' clumsy announcement of yet another tap stock on Monday. After well over £1bn worth of gilts had been bought in the preceding two trading days, the prospect of taking up another £1.8bn was just too much for the market and for the next four days the FT Government Securities Index drifted lower. But at the moment the market seems to be suffering from nothing more than a bad attack of indigestion. Meanwhile, equities continue to drift sideways in the narrow 450-480 band.

Index rose 1.4 to 470.6



BP

Most of BP's profits come out of two pipelines—from Prudhoe Bay, Alaska and the Forties Field—and the whole emphasis of its investment programme has been upstream. Now it is taking what it sees as a *small step* in the other direction. The two acquisitions announced yesterday total £430m (£270m down and the rest in the form of debt obligations) and are not that dramatic in the context of a group with shareholders' funds exceeding £3¾bn and annual capital spending of £1¼m. But they both represent an attempt to strengthen downstream activities which have been a big drain in the recent past.

In Germany, BP is already moving towards a break-even position after two years of heavy losses. The immeditae effect of its agreement with Veba will be to raise the throughput in its *German refineries and improve* the marketing mix. But what it describes as "the jewel in the crown" is the 25 per cent holding which it is acquiring in Ruhrgas, Germany's largest gas transmission company. Ruhrgas is covered with its gas requirements through to 1985, and the hope is that its needs thereafter could be tied in with some of BP's upstream activities. Even before then, BP will be looking on Ruhrgas as more than just a portfolio investment and it says that in financial terms the German package is very attractive.

The same probably does not apply to the acquisition from *Union Carbide* of a major chunk of its European interests in ethylene derivatives. This is a sector plagued by over capacity, and BP seems to be paying quite a price. It is acquiring low margin sales of £160m or so for £110m cash, plus debt obligations of a similar magnitude. But as with the Veba deal, BP has decided to tackle a problem by putting in more money, rather than by trying to draw in its horns.

Overall BP will probably now end up with a slightly higher level of financial gearing at the end of this year. That is before taking into account the consolidation of Sohio, which stands to lift the proportion of debt to capital employed by over 12 points to 50 per cent or more. BP loftily describes this as an accounting gimmick, which makes no difference to its financial obligations. Provided that the U.S. rating agencies see things the same way—which apparently they do—and provided that those two pipelines keep gurgling merrily, all will be well.

Pilkington

Pilkington's shares put on 37p yesterday (to 520p) as the group reported 1977-78 profits 14 per cent ahead at £71.7m and added an optimistic comment on future prospects. The big improvement came in the second half, when profits grew by almost 25 per cent, after rising only 10 per cent in the first six months. And to emphasise the underlying quality of this performance, Pilkington reveals that the improvement is also 14 per cent on a Hyde basis, with pre-tax profits climbing £8m to £64½m.

The best result comes from UK activities where sales volume growth (mainly in flat glass) is of the order of 9 per cent and trading profits are 23 per cent better at £29.9m. Overseas sales are only 5 per cent up and, though accounting for 43 per cent of group turnover, have contributed less than a third of trading profit. The worst performers have been South Africa (which may have made a loss), North America (where profits are little changed despite good activity levels in Canada) and Australia, where the power strike affected sales. The good news is that Sweden, while not yet profitable, has shown marked improvement.

Even after allowing for Pilkington's conservative accounting methods it now looks as if 1978-1979 pre-tax profits could show growth of the order of a fifth to about £87m. This means that the shares (on a conventional accounting basis) are on a fully-taxed prospective p/e of only about 5½, and suggests a fairly significant re-rating. But the 3 per cent yield is a constraint.

Guinness

The Arthur Guinness share price had been relatively strong ahead of the interim results so the surprise 16 per cent drop in pre-tax profits to £14.8m left the shares 10p lower at 170p. Despite its well publicised diversification moves, Guinness is still heavily dependent on brewing and, in particular, the fortunes of its one main product.

Overall brewing profits are a fifth down in the first six months. There were price increases in both Eire and the UK but these did not cover the increased costs and, though volume held steady in the Republic *it continued to slip by* a few percentage points in the UK. In the second half, volume in Eire is expected to increase, although the same may not be true for the UK and the group has said that brewing profits will be down for the second year running.

By contrast, Guinness is talking about a "substantial improvement" in second-half profits and much of this will come from its hotch-potch of non-brewing interests. Helped by changes in the financial year-ends of a number of small subsidiaries (worth close to £1m) profits for the full year, could be £42m to £43m against £39.5m. At its current share price Guinness is yielding 6½ per cent — slightly above the sector average.

Weather

UK TODAY

MOSTLY dry with sunny intervals.

London area, E Anglia, SE, Cent S and SW England, Channel Is.
Generally cloudy with some rain, possibly brighter later. Wind NE. Cool. Max. 15C (59F).

Midlands, Wales, NW, Cent N England, Lake Dist., Is. of Man, SW Scotland, Glasgow area, N. Ireland
Mostly dry, sunny intervals. Rather cool. Max. 15-16C

E, NE England, Borders, Edinburgh, Dundee, Aberdeen areas
Rather cloudy, some bright intervals inland, but also occasional drizzle on coasts and hills. Cool. Max. 15C (59F).

Cent Highlands, Argyll, NW Scotland
Dry, sunny intervals. Near normal. Max. 15C (59F).

Moray Firth area, NE Scotland, Orkney, Shetland
Rather cloudy, some drizzle on coasts. Rather cool. Max. 11C

Outlook: Mostly dry, sunny

BUSINESS CENTRES

	Y'day Mid-day	°C	°F		Y'day Mid-day	°C	°F
Amstrdm.	R	14	57	Lisbon	R	16	61
Athens	S	28	82	London	F	17	63
Bahrain	S	35	95	Luxembrg.	C	14	57
Barcelona	F	21	70	Madrid	C	17	63
Beirut	S	25	77	Manchstr.	R	13	55
Belfast	S	16	61	Melbourne	S	13	55
Belgrade	C	18	64	Milan	C	19	66
Berlin	S	18	64	Montreal	S	21	70
Birmghm.	C	11	52	Moscow	C	14	57
Bristol	F	15	59	Munich	C	15	59
Brussels	F	15	59	Newcastle	S	16	61
Budapest	S	22	72	New York	S	22	72
B. Aires	C	12	53	Oslo	S	26	79
Cairo	S	34	94	Paris	C	14	57
Cardiff	F	14	57	Perth	C	16	61
Chicago	S	17	63	Prague	F	20	68
Cologne	F	17	63	Reykjavik	C	11	52
Copnhagn.	S	17	63	Rio de J'o	S	25	77
Dublin	C	11	52	Rome	S	24	75
Edinburgh	C	14	57	Singapore	S	25	77
Frankfurt	F	18	64	Sydney	C	16	61
Geneva	C	15	59	Tel Aviv	S	26	79
Glasgow	S	17	63	Tokyo	S	24	56
Helsinki	R	12	54	Vienna	F	22	72
H. Kong	C	31	89	Warsaw	F	14	57
Jo'burg	S	16	61	Zurich	C	14	57

HOLIDAY RESORTS

Ajaccio	S	22	72	Jersey	R	9	48
Algiers	S	27	81	Las Plms.	F	21	70
Biarritz	R	12	54	Locarno	R	15	59
Blackpool	F	19	66	Majorca	S	25	77
Bordeaux	C	11	52	Malaga	S	25	77
Boulogne	C	13	55	Malta	S	24	75
Casblnca.	F	20	68	Naples	F	23	73
Cape Tn.	C	16	61	Nassau	C	16	61
Corfu	S	29	84	Nice	F	22	72
Dubrovnik	S	22	72	Oporto	C	14	57
Faro	C	22	72	Rhodes	S	28	82
Florence	F	22	72	Salzburg	F	16	61
Funchal	C	18	64	Tangier	S	20	68
Gibraltar	S	21	70	Tenerife	C	16	61
Guernsey	R	9	48	Tunis	S	27	81
Innsbruck	C	16	61	Valencia	S	26	79
Inverness	C	10	50	Venice	C	21	70
Is. of Mn	F	17	63				

S—Sunny. F—Fair. C—Cloudy. R—Rain.

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